

They say Chinese food is not much chop
when served without Benmorven Riesling.



Benmorven Riesling. The wine that appreciates good food.

MONTANA

NATIONAL BUSINESS REVIEW

Incorporating Admark

20 cents

Inside

THE WEEK

Wellington City Council caused on second smelter — Page 3
CCL lists without early public sale — Page 4
Nobility finds watered winning — Page 5

COMMENT

Brook's view — Page 6
Editorial and Without word of a letter — Page 8

POLITICS

1980 A deeper disenchantment — Page 9

ECONOMICS

Responses to Sacred need thinking — Page 9
An American comparison — Page 10 and 11

O'BRIEN ON BUSINESS

Interest rates close marginally — Page 12
Analysing annual accounts: R. J. Hellyar — Page 13
Nobility demanded another — Page 14

STOCK EXCHANGE

A review of the weekly share — Page 15

THE ARTS

Bureaucrats take the wind out — Page 16

GOVERNMENT ADMINISTRATION



Bureaucrats take the wind out — Page 17

MARKETING

School children learning how to cope — Page 19

SPORT

Time has come for considering — Page 20

SECURITY

Official Secrets Act shields — Page 21

PLASTICS

New PVC for greenhouses and — Page 22 and 23

LAW

Secured creditors rescued — Page 24

SCIENCE AND TECHNOLOGY

Carbon caps decision to go — Page 25

MANAGEMENT

How deadlines can be a time — Page 26

BUSINESS ADMINISTRATION

Accident team wins at second — Page 27

Petrocorp in insurance row over damage to McKee rig

by Rae Mazengarb

PETROCORP has become embroiled in a dispute over insurance liability for a drilling rig which was damaged in an accident at the McKee No 1 exploration site in February.

NBR understands that proper insurance cover for the rig was not arranged.

Petrocorp is now attempting to recover the losses from engineering contractor McConnell Dowell, operator of the rig at the time of the accident.

McConnell Dowell requested insurance appropriate only to its particular contract requirements, in the belief that

Petrocorp had arranged proper cover for the rig.

The damage is said to have amounted to some \$300,000.

It is understood a number of underwriters accepted the risk under Petrocorp's contract of insurance.

One company, National Insurance of Dunedin, said that once it was clear the accident did not come within the scope of Petrocorp's policy, it withdrew from any question of liability.

The company's assistant manager for New Zealand, Graham Rolles, said the contract included a standard oil rig "London clause" which stipulated under what circum-

stances the rig would be covered.

One industry source suggested last week that Petrocorp's cover should not have gone through on the terms arranged.

It is understood the policy did not cover accidental damage; it covered only fire, theft or willful damage.

Moreover the cover applied only if Petrocorp personnel were operating the rig.

It was known from the outset when Petrocorp sought cover that contractors would be operating but that fact immediately excluded effective cover under the insurance arrangement.

Rolles confirmed that Bowring Burgess had been the brokers to arrange the cover, but said he doubted if the broking firm would be responsible for making good the loss.

Bowring, continued there was a dispute but took the attitude it was "just another of those sorts of claims".

"Sooner or later it will be resolved," a representative said.

Bowring is understandably unhappy about the situation.

Petrocorp, however, believed it had the rig insured.

Thus it seems that all parties presumed there was no need for the contractors to take up the same type of insurance.

McConnell Dowell's brokers, Sedgewick Forbes, gave its client cover of a type which prevails throughout the oil industry overseas for contractors.

One observer said the insurance debate clearly showed that Petrocorp had a long way to go before it could confidently and safely mount sole-risk exploration ventures.

He said the fact that at least two exploration wells were drilled with the \$60 million rig uninsured against the type of damage claimed at McKee was a warning for the State-owned company when it brings in its much more expensive

leased on-shore rig next spring.

A universal approach to oil industry insurance centres on the principle covering all contractors and subcontractors.

What would happen, for example, if a workman on a small \$15,000 engineering contract threw a spanner into the works causing millions of dollars worth of damage?

Under Petrocorp's expectations it would seem the contractor would be considered liable.

As one broker explained, had Petrocorp insisted on international underwriters familiar with the technology, then the problem would not have arisen.

The situation is expected to be resolved, following the current round of negotiations.

But the insurance industry is said to be united when it maintains that Petrocorp must do its own homework and become familiar with oil industry requirements before it starts trying to change the rules over liability.

Shipping Corp storm

by Allan Parker

SHIPPING Corporation directors involved in "the Julian affair" seemed to be moving last week to defuse the confrontation with Prime Minister Rob Muldoon.

Despite a "resign-if-you-want-to" challenge from Muldoon at least two of the four directors who earlier had met Transport Minister Colin McLachlan to discuss Auckland Harry Julian's appointment as deputy-director insisted that there were no threats to resign unless Julian was removed.

Roth said they supported Julian's efforts to improve

Shipping Corporation profitability — efforts that Muldoon said were "very persistent" and "ruffled feathers in the corporation". But neither Christchurch businessman David Cooper nor Southland farmer Bruce Ryan (chairman of the Exports and Shipping Council) would comment on other aspects of Julian's deputy-directorship that have been questioned.

Cooper told NBR: "That's another matter." Ryan said: "No comment."

Both said the situation had been "blown up far too far" and created a confrontation situa-

Continued on Page 2

CCL: no early share issue

SHARES in the Wellington-based computer and communications company, Computer Consultants Limited, will be listed on the Stock Exchange tomorrow.

The listing will give the public the chance to invest in two successful home-grown businesses — CCL and Fourth Estate Holdings Limited. The latter was taken over by CCL mid-year.

Both companies wanted to list their shares to provide an investment opportunity for the public and to provide access to the capital necessary to ensure their continued strong growth.

At a briefing for brokers and media representatives last week, chairman Eddie Cornish said a primary aim of seeking listing was to enhance the company's image for marketing purposes to the Government and large commercial companies.

Managing director Ken Fraser said he wanted the public to fund the group's development, (hinting at the prospects of cash issues next year) rather than seek money overcaps.

Computer Consultants is deeply involved in both computer services and computer hardware-selling activities. Fourth Estate publishes *National Business Review*, the *New Zealand Business Who's Who* and a range of other business publications. The company is also deeply involved in the development of a videotex (viewdata) service.

Because it already has sufficient shareholders to satisfy Stock Exchange requirements, there will be no immediate public issue of the shares.

Instead, two founding directors have agreed to release small parcels of shares to establish a market.

CCL will join Andas Ltd as the only computer-based companies listed on the exchange.

Since it was formed in 1969, CCL has grown into the nation's largest homegrown computer company. In its first year turnover was \$30,000. Now it exceeds \$11 million in

Continued on Page 4

The Management & staff
of National Business Review
wish all subscribers, readers &
advertisers a happy Christmas
& prosperous 1981.



The week

Bid to oust Rowling

by Colin James

AS this issue went to press, some dissident Labour MPs were trying to replace leader Bill Rowling with deputy leader David Lange in a special caucus meeting.

Success seemed likely to have severe repercussions within the party. It was reported to me that a number of top executive members, including president Jim Anderson, would seriously consider departing with Rowling.

Even failure of the coup would reopen wounds painstakingly stitched together this year and, by publicly dividing Labour yet again, set back attempts to win back public opinion — and once again take the heat off a National Party in near-desperate disarray.

The coup attempt, organised principally by Michael Bassett, Richard Prebble and Mike

Moore, capped a year of waxing and waning discontent with Rowling. Dissidents have complained that he has not provided firm leadership within the parliamentary team and has failed to project the party well in public.

Until last week, however, attempts to gather a majority among warring factions to agree on Rowling's replacement, the older guard wanting Arthur Faulkner or Sir Basil Arthur and younger MPs wanting a sometimes willing, sometimes reluctant Lange.

Only in September, after Labour's third in East Coast Bays, Lange's reticence killed an attempt by a "gang of seven", led by last week's ringleaders.

But the *New Zealand Herald*-National Research Bureau poll showing Labour third forged a coalition of hotheads, malcontents and grudge-bearers behind a coup. Many of the cooler-headed backers of Lange for deputy last year were last week on Rowling's side.

The coup attempt caught political observers, including myself, by surprise. On page 91 have argued that there have been substantial improvements in the party outside Parliament — an observation which took on an irrelevant tone as news of coup unfolded on Thursday.

The business week

Allied Farmer Co-op will raise \$2,376,000 with a one for six ordinary share issue at a premium of \$1.65.

Boral Ltd will place an \$8 million debenture paying 13.25-13.45 per cent with institutional investors.

Ceramec Ltd: unaudited net profit for six months to September 30 was \$2,710,000 (last year \$1,926,000). An interim dividend of 8c will be paid on December 18. Nominal share capital has been increased \$41,200,000, paid up \$13,309,013.

Christchurch Press Co Ltd will make a one for four issue at a premium of 50 cents.

New Zealand Petroleum Co Ltd and a consortium will drill a deep water well off the Westland Coast to a depth of 2135 metres at a cost of \$6.1 million in mid 1981.

PDL Ltd: unaudited net profit for six months to September 30 was \$881,049 (last year \$751,017). An interim dividend of 5c will be paid on January 30.

Schroder Darling Management Ltd: audited net profit for six months to September 30 was \$3,321,918 (last year \$2,829,833).

Steel and Tube Holdings Ltd: unaudited net profit for six months to September 30 was \$1.5 million (last year \$2.5 million). An interim dividend of 4c will be paid on December 18.

TNL Group Ltd: unaudited net profit for three months to

September 30 was \$271,000 (last year \$370,000).

Transport (North Canterbury) Holdings Ltd: unaudited net profit for six months to September 30 was \$102,159 (last year \$86,237). An interim dividend of 6c will be paid on February 20.

Waitaki NZ Refrigerating Ltd: net profit for the year ended October 1 was \$14,105,903 (last year \$11,941,003). A final dividend of 10c will be paid. A one for seven share issue at a premium of 40c will be made on January

15. Permanent employees will be offered 300,000 shares at a premium of 25c.

Winstone Group Ltd: unaudited net profit for six months to September 30 was \$2,736,000 (last year \$1,671,000), of which Winstone Ltd's unaudited net profit for six months to September 30 was \$2,054,000 (last year \$1,976,000). An interim dividend of 3c will be paid on February 5 and Winstone Samsung Industries Ltd: unaudited loss for six months to September 30 was \$3.6 million (last year \$3.2 million loss).

Skybus suffers sales loss

SKYBUS has suffered a fall-off in membership sales since public cautions were sounded by Justice Minister Jim McLay and Foreign Affairs Minister Brian Talboys.

Skybus director Murray Purchase said life memberships has dropped from 300 to 150 a week after McLay's warning about the Aqua Avia Society's structure.

Purchase said he did not know the total membership because the figures were being computerised. Skybus expenses in the past four weeks had been about \$40,000 — \$20,000 of it spent on advertising, he said. While there was "stuff all" left in the kitty, Purchase said he was still confident.

Bay tries for own station

KEL Tremaine, the great All Black flanker of the 1960s, heads a company which will apply for a private regional radio licence for Hawke's Bay. The plan is to aim for a format strong on national and local news with emphasis on commentaries and talkbacks on matters of regional concern. A bid was to be made to lodge an application with the Broadcasting Tribunal before Christmas, but now the target time is early January with the hope of a hearing within the first quarter of 1981.

It is understood that Radio Pacific managing director Gordon Dryden will help the group to mount backing for the project within Hawke's Bay although a professional survey has established strong provin-

cial support for the regional radio concept. Radio Pacific may be involved in providing news services.

A major problem is where to site the station in a province dominated by two commercially competitive and jellous cities. By putting in one city, the group's leaders feel they may alienate some interests from the other.

Radio New Zealand dominates Hawke's Bay soundwaves with Bay Radio in Napier and Radio Apple in Hastings, between them turning over more than \$1 million a year. A regional transmission would have a potential audience of about 150,000 in the two cities and some heavily built up rural areas nearby.

Continued from Page 1.

tion with Muldoon that, according to Cooper, was "never intended to be".

Cooper said the directors had a responsibility if they felt a problem existed within the corporation to take it to the Minister. "We would be criticised if we didn't."

Ryan said that Muldoon had addressed a meeting of the Exports and Shipping Council last week, but "Nothing was said about the issues in the papers and we're still good friends."

One corporation staffer commented: "All our people

are keeping their heads down they don't want to know about it."

Cooper and Ryan, both foundation directors James Maddren and Ian Mackay — had met McLachlan to ask that Julian be removed from the board.

A major concern among them and senior staff, Ryan understands, is that Julian might be appointed chairman when Sir Tom Skinner retires in April next year.

After that meeting, according to an NBR source, there was talk among the four directors of their resigning — if Julian remained on the board.

ADE

ANDERSON DIGITAL ELECTRONICS LEADERS IN QUALITY

THE COMPUTER EQUIPMENT SPECIALISTS

Auckland 665-632

Wellington 665-008

Christchurch 665-008

The week

MED chief sounds caution on second smelter

by Rae Mazengarb

WELLINGTON Municipal Electricity Department general manager JH Vernon has warned that the second smelter project involves a strong element of risk and higher power prices.

Vernon has advised Wellington City Councillors that the present generation of electricity consumers would be severely disadvantaged if the project proceeds because they would be charged more in relative terms than they now pay, simply to subsidise future large industrial users.

A leading committee meeting of the previous council administration — concerned at possible implications for the power price to consumers if the project went ahead — asked council clerk Ian McCutcheon to write to Energy Minister Bill Tatch.

Which wrote in early November what one councillor described in lengthy reply. It outlined the "benefits" which would accrue to the nation from the smelter project. But it did not satisfy some councillors, who asked for an opinion from Vernon.

Vernon's opinion — dated December 2 — was distributed during a trading committee meeting held the next day.

The committee already had the reply. As a result of that meeting, councillors Ridley-Smith and MacKichie moved a notice of motion which was tabled at a council meeting last week.

The motion read: "That the Wellington City Council propose to the Minister of Energy the price increases for domestic and other consumers

in Wellington which can be expected as a result of the proposed establishment of a second aluminium smelter in the South Island."

The motion was debated last week before the full council but was deferred until the February meeting.

One Labour councillor claimed the Mayor had tried to block the discussion, saying insufficient material was available.

It is understood Citizens' Ridley-Smith has been pressured to drop his support of the motion.

Richie said the motion had

been aimed at drawing attention to Vernon's report.

"The action taken by the Mayor (to block discussion) is quite contrary to the advice given by the council's advisers," she claimed.

Vernon's advice — in a memo to the town clerk — said that Birch's reply has been restricted only to answering the questions asked in the council's letter.

The Minister had not offered additional information which could have aided the council. "For instance, I understand that the price of electricity to the smelter is to be related in

some way to the world market price of aluminium, but no comment has been made on this aspect of the pricing deal".

Vernon's memo said Birch's reply advised that between 25 per cent and 50 per cent of all costs relating to the operation and maintenance of the bulk electrical supply systems and including loan servicing would be charged to present consumers as a contribution to new capital works.

The range of 25-50 per cent was vague, represented a large amount of money, and increased the bulk tariff by that amount, Vernon said.

He pointed out that the correctness of funding capital works from current revenue — today's consumers paying more for additions made necessary only by future consumers — was questionable.

"In the past we have funded capital works 50/50 from revenue and loans which spread the load reasonably, but present economic conditions have dictated that current capital works are funded totally from revenue. Our capital works represent less than 10 per cent of our total costs. The Minister's figure of up to 50 per cent is a heavy imposition for

present consumers," Vernon's memo said.

The figure of 2.34c/kWh quoted for bulk supply to a consumer with a 100 per cent load factor came direct from the bulk supply tariff, it said. The tariff was purely a method of charging and did not necessarily represent the cost of supply.

The Minister had quoted figures of 2.5c to 3c/kWh for the long-run marginal costs. Vernon suggested these figures appeared too low. They were not supported and had been publicly questioned, he said.

"Whatever figures are used, the difference between the production price at plant built for this large new user (and not otherwise required) and the bulk supply tariff, without allowing for incentives, is high and varies between \$8 million and \$33 million using the range of figures given and could well be more," Vernon's memo said. "Whatever this amount is it will be paid for by the electricity consumer."

It referred to four contingencies outlined by Birch to allow for shortfalls in electricity generation between 1985 and 1992 brought about by new bulk users.

"Any of these contingencies will increase the cost of electricity as soon as it is implemented, which could be some years before the new consumer takes supply," the memo said.

Anchor secures packaging despite quota question

BRITONS will be spreading the Dairy Board's Anchor brand butter next year whatever the outcome of the protracted negotiations to establish a quota for next year.

Accumulated stocks from past, unused quotas will ensure that Anchor wrappers will enclose New Zealand butter for several months into the new year.

If that should run out, before agreement is reached, the board can be expected to protect the Anchor brand and its \$25 million investment in a packaging plant by wrapping British, Danish or Irish butter.

The board views the plant, recently opened at Swindon in Wiltshire, as a long-term investment. When fully operational, it will have the capacity to process and pack 80,000 tonnes of butter a year.

The Anchor brand is an important asset in its own right. As

Britain's leading brand, Anchor commands a 25 per cent market share.

The board is also a major distributor of dairy products through its network in southern and central England.

The Anchor brand has not previously been exploited by other products, although the board agreed earlier this year to distribute Danish cream through its network.

But the board and Government officials expect the rowing Common Market Ministers, as always, to come to an 11th-hour face-saving agreement on a quota for 1981.

The prospects of a three-year quota, as proposed by Agriculture Commissioner Finn Gundertsch, look distinctly thin.

France again is attempting to extract the maximum benefit by prolonging negotiations. Commentators are attributing

the latest twist to next May's French presidential elections. Giscard d'Estaing, already plagued by the Bokassa diamonds scandal, wants to secure the farm vote with a tough line in EEC negotiations.

Britain has offered to go sweet on a sugar arrangement in which France has a particular interest, but that temptation has been firmly rejected so far.

The board does not doubt there will be a quota: nor do Government officials who quickly point to the political commitment made by the nine's leaders at the Dublin Summit meeting in 1977.

It was agreed then that there would always be a place for New Zealand butter in Britain, although the quota would have

to be agreed by mutual negotiation.

Officials refuse to believe the French might renege. But there are other political issues at stake.

Britain's tough stance to get its budget payments substantially reduced has increased urgency for reform of the common agricultural policy.

West Germany, which picked up the tab for Britain, is now advocating reform, while the French manoeuvre to maintain the main elements of CAP.

The unbelievable New Zealand butter might be the price of reform, and that will test Britain's willingness to keep its promises to her former colony.

COMPUTER PERSONNEL

DATA PROCESSING MANAGER

AUCKLAND PRESTIGE APPOINTMENT
We have been retained by MSI CORPORATION LIMITED to assist in the recruitment of a Data Processing Manager for MSI COMPUTER SERVICES.

The MSI Group consists of some thirty subsidiary and associate companies and employs in excess of 1,400 people. Its activities embrace the manufacture of automotive and industrial components and equipment, precision engineering, heavy commercial vehicle assembly, oil refining and automotive services.

MSI COMPUTER SERVICES provides computing facilities on a service bureau basis to group companies. The installation is based around an IBM 4341 with a heavy emphasis on on-line systems.

The position of Data Processing Manager is a senior appointment within the Group. The successful applicant must be a good man-manager and capable of leading a large development and operations team. In addition, they must be aware of the role of computing both now and in the future as it relates to the modern business environment.

This position represents a unique opportunity within the New Zealand Data Processing industry and will appeal to suitably qualified Project Leaders, Systems Managers or Data Processing Managers wishing to further their career with a leading NZ public company.

A negotiable earnings package is available including company vehicle together with associated benefits.

This assignment is EXCLUSIVE to IDPE PERSONNEL SERVICES LTD.

All applications will be treated in the strictest confidence. In the first instance please contact:

IDPE PERSONNEL LTD.

IDPE PERSONNEL

PH: AUCKLAND 30-686 (P.O. Box 1657)
WELLINGTON 721-151 (P.O. Box 4191)
CHRISTCHURCH 50-674 (P.O. Box 1618)

Personnel consultants to the
New Zealand EDP Industry
Auckland • Wellington • Christchurch
Sydney • London

National Micro Cassette

Available at
Miles & Carlaw
Duty Free Stores Auckland.

At New Zealand Building, 1 Queen St.
Auckland. Telephone: 797-880.
Auckland International Airport.
Manurewa. Telephone: (07) 55-055.



ADE

ANDERSON DIGITAL ELECTRONICS LEADERS IN QUALITY

THE COMPUTER EQUIPMENT SPECIALISTS

Auckland 665-632

Wellington 665-008

Christchurch 665-008

MAI

MAI International Corporation/A Management Assistance Inc. Company
17822 East 17th Street, Centre Building, Tulsa, California U.S.A. 92680
(714) 832-2111
Telex: 678-452
Mail: P.O. Box 10192, Santa Ana, California U.S.A. 92711

THE COMPUTER EQUIPMENT SPECIALISTS

Auckland 665-632

Wellington 665-008

Christchurch 665-008

CCL lists without early public issue

Continued from Page 1.

an industry that is growing world-wide at 12 per cent a year.

Earnings have tended to parallel turnover. In the year ended March 31 the company reported a profit of \$258,752 and paid a 23 per cent dividend.

Profit increased substantially in the first half of the current financial year, up 173 per cent on the comparable period a year earlier at \$428,970.

Directors are forecasting at least \$600,000 for the whole year, on the strength of which they will recommend a 25 per cent dividend for the full year to an extraordinary general meeting today.

The meeting's prime purpose is to approve changes in the company's articles of association required by the Stock Exchange Association before trading can begin.

Share capital will be lifted to \$1.5 million and a three for

seven bonus issue will raise paid up capital to \$1 million.

Directors are expected to give potential investors an indication of future profitability to assist the market to determine an opening level.

An interim dividend of 10 per cent has already been paid this year. A final dividend of 15 per cent is expected along with an announcement that 25 per cent is the anticipated payout in the year beginning April 1.

If profit targets are fulfilled,

that will be a 60 per cent return on shareholders' capital, or 30 cents on each 50 cent share. Dividends would be covered 2.4 times.

Brokers expect the listing to be quietly noted.

Despite the company's aggressive image and impressive track record, brokers doubt that investors will be rushing to buy. They point out that there has been very little promotion, though the listing has been expected since CCL took over

Fourth Estate on July 1. And with no public issue, institutional investors had not been advised of the coming listing and small placement of shares.

Brokers are anticipating the shares will gain a price earnings ratio of six or seven opening at \$1.80-\$2.10.

Asset backing was \$2.22 a share before capital restructuring.

CCL managing director Ken Fraser says CCL's offices have been busy answering calls from interested investors wanting to know when they can buy. Fourth Estate has had similar enquiries for several years.

For the directors, Stock Exchange listing is another step in maintaining the company's rapid growth. One reason for not going public with a share issue now is to determine the later capital raising issue a premium.

Fraser says a capital issue in the future can be anticipated finance expansion in Australia "that will require capital beyond the resources of the current shareholders".

The directors are EAC Nash (chairman), KES Fraser (group managing director), R Birchfield (managing director, Fourth Estate), W R Jackson, T J Cullinane, D V Kere.

Now's the time to make a very significant New Year's resolution.

"I'm going to save two hours every working day in 1981."

It's not wishful thinking if you attend a Mackenzie Time Management Seminar, February 1981 in Auckland and Wellington. Full details from P.O. Box 10230, Wellington.



With construction costs escalating daily, not to use Hi-bond steel flooring is unthinkable



Without Hi-bond you're back in the dark ages of building construction. Consider its major benefits: (1) It speeds up high rise construction dramatically. (2) With less overall construction time required, it reduces the labour content — and that's a formidable item in any contract today. (3) Hi-bond is erected without the use of skilled trades — most important today. These are the major advantages but there are many spinoffs like reduced foundation deadweights; improved rigidity; reduced weight/cost; providing lateral bracing, tension reinforcing and diaphragm action and frequently reducing floor thickness and in-slab steel. No wonder it is being used in many countries around the world — and now in New Zealand in its most prestigious buildings. For new Hi-bond brochure write to Dimond Industries Limited, Box 430, Wellington. All Dimond products are marketed through Winstone Ltd.

For the non-technical reader: Hi-bond is steel formed boxing to hold poured concrete flooring and unlike the traditional wooden boxing method it is not dismantled after use but becomes an integral part of the floor. Also, due to its unique design, it carries all attachments for services and callings below.

DIMOND HI-BOND
DIMOND INDUSTRIES LIMITED

7815

Enex hoping for \$300,000 deal

WELLINGTON-based consultancy and services exporter Enex hopes to ice its Christmas cake this week with the signing of a United Nations Development Programme contract worth \$300,000.

The project calls for national planning studies in the small South American country of Belize, formerly British Honduras. Enex will investigate potential development in such sectors as agriculture, deep sea fishing, forestry and tourism over the next two years.

While small by international standards, the project is the most substantial contract offered by the UNDP in New Zealand.

This week's planned signing seals a successful year for the organisation. It has won contracts for projects with a capital value of some \$75 million — the largest portfolio in its history.

Consultancy work has been, and is being carried out in Burma, Sabah, Malaysia, Malacca, Indonesia, Pakistan, Fiji, the Solomon Islands and West Germany. Enex has won export consultancy projects throughout Asia and the Pacific since it

Prize-winners among wines found to be watered

by Frank Thorpy

THE Consumer Institute's report on wines has produced some enlightening data on past adulteration of wines — some of which may still be on sale.

Of 18 table wines tested, only 10 were found to contain less than 100 per cent grape juice. The rest had water added. Twelve had up to 95 per cent grape juice.

These wines are within the limits accepted in most wine-producing countries and in the samples to which we hope to report.

Of 30 wines, including

one prize-winner, McWilliam's Cabernet Sauvignon was found to contain less than 80 per cent grape juice. Fifteen wines contained less than two-thirds grape juice.

Others — classed as "table" — in some cases contained less than 20 per cent grape juice.

Of Cabernet Sauvignon, 10 were found to contain less than 100 per cent grape juice. This wine is regarded as the best red wine.

Among the best 10 were a Cabernet Rose 1979, a Pinot Noir 1976 and a Pinot Noir 1977. But the rest of the top class of wines were whites from well-known producers such as Montana, Glenvalle. These companies also produced some of the worst wines, which they claim have since been withdrawn.

The Institute criticism of

the Consumer report was that: • Unproven methods were used for testing (the testing was done by scientists at Waikato University);

• No allowance was made for rainwater infiltrating grape bins during heavy rain;

• Testing was made on wines which have been discontinued (which are still on);

• The new food and drug regulations will solve the adulteration problem.

The Consumer report broadly supports the IDC findings that "the industry has had a growth in the market assured to it by the high level protection assistance afforded it through high tariffs and tight import licensing policies and therefore its problems have been those of production rather than marketing".

In other words inordinate quantities of water and sugar have been added to "stretch"

the wines to meet an internal demand kept high by strictly limiting consumer access to imports.

The wine industry argues that wine drinkers should rely on their palates rather than on chemical tests of "questionable value". In other words, "I know nothing about art, but I know what I like".

But there is more to it than that. Allan Sichel — the respected connoisseur and wine

merchant — wrote in the *Penguin Book of Wines* that adding water and sugar might not spoil the taste of the wine, and often makes a palatable drink out of something that does not taste good, but the practice falsifies wines to the extent that the taster, not recognising the falsification, might consider the wine to be of a higher quality than it really is.

It is almost impossible for the novice wine drinker to discover

faked wines produced by experienced wine-makers.

There are two ways a proper assessment of such wines can be made:

• The test of time — if he drinks nothing else he will find he will be bored by the sameness of flavour and the lack of any sort of intriguing quality.

• If he drinks other wines at about the same price he will eventually find one which has the indefinable hallmark of purity — perhaps the subtlety of flavour and bouquet nearly always missing in faked wines — and above all the clean-cut taste and a harmony which combines bouquet, aroma and taste into positive character.

Consumer also tested a few of the 1980 wines on sale and noticed an improvement.

Corban's Liebestraum, which figured in the 95-80 per cent grape juice glass for the 1979 wines, now shows 100 per cent grape juice — which is in line with the company's 1980 policy that all wines offered for sale will contain 95 per cent grape juice or better.

But Consumer does plead for a further tightening of the Food and Drug Regulations. It says that anything under 95 per cent grape juice should not be classed as wine and that the labels should show the percentage of sugar and water added.

Kiwifruit growers and others proclaim that we have the best temperate zone for horticulture in the world. Sophisticated Europeans are unlikely to be impressed when wine growers say this climate forces them to add sugar and water to most of their wines — especially when good wines are made in climates far worse than ours.

Rolls-Royce looking for parts to satisfy offset deal

by Allan Parker

GOVERNMENT officials will meet early next year to decide if the country wants — or needs — a high technology aero-engine industry.

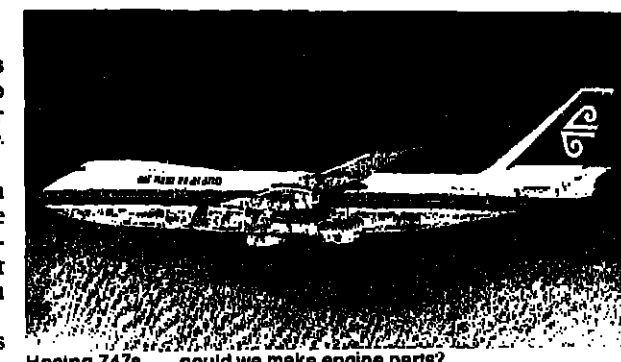
They will focus attention on a report by Rolls-Royce on the capability of this country's engineering workshops to meet the rigid requirements of such an industry.

The Rolls-Royce survey has been carried out as part of the offset agreement that followed the Government's decision to use RB211 engines on Air New Zealand's new Boeing 747 fleet.

Rolls-Royce Aero Division's assistant director of special projects, Alec Harvey-Bailey, has been here to find suitable engineering companies to handle subcontracts worth up to \$5 million.

His report to the Government notes that a "lot of good work and ingenuity" are displayed by local companies, but we still lack the experience required for the demanding aero-engine industry.

Considerable investment in



Boeing 747s... could we make engine parts?

plant and training would be required to gear up for subcontract work — basically in parts manufacture.

Government officials must decide if we should go deeply into the sophisticated — and internationally competitive — business.

Some form of Government assistance probably would be necessary to encourage local companies into the market, particularly because such a venture would have to be regarded as a long-term project with no early return.

Says Harvey-Bailey: "The experience required takes years

Harvey-Bailey has visited nearly 30 local engineers — mainly in Auckland and Christchurch — to assess their capability to make some of the 90,000 parts that go into Rolls-Royce engines.

He has identified "one or two" which appear to have the potential to develop along the lines required by the British company. And he found "one or two" which show the Rolls-Royce insistence on high-quality control measures.

The problems identified by Harvey-Bailey are not considered insurmountable, but are certainly considerable.

The high technology, lack of local experience, strong international competition, stringent quality control, investment demands and even some of the materials used would make such a venture risky for any company — no matter what technical and managerial back-up Rolls-Royce provides.

Offsetting that risk, the Government must decide if its offset policy credibility is at risk if it does not encourage such a project.

You don't close your eyes when you drive a car... so why should you when you buy one?

TOYOTA LAND CRUISER.
When there's no road, it makes its own.



TOYOTA

FOURTH ESTATE SUBSCRIPTION SERVICE

To subscribe to or purchase any of the newspapers, directories or books published by the Fourth Estate Group simply fill in and post the coupon below. Please make out cheques as indicated. If two different companies are indicated for multiple purchases, please make out cheque to Fourth Estate Group, P.O. Box 9344, Wellington.

(Please ✓ where appropriate)

☐ I/We enclose \$30.00 for one year's subscription to *National Business Review*. ☐ Please bill me.

☐ I/We enclose \$4.95 per copy post free for copy/ies of "There's Got To Be A Better Way" by Roger Douglas.

☐ I/We enclose \$65.00 for one year's subscription to *The Capital Letter*. ☐ Please bill me.

☐ I/We enclose \$5.00 per copy plus 40 cents postage for copy/ies of *The Computer Book*.

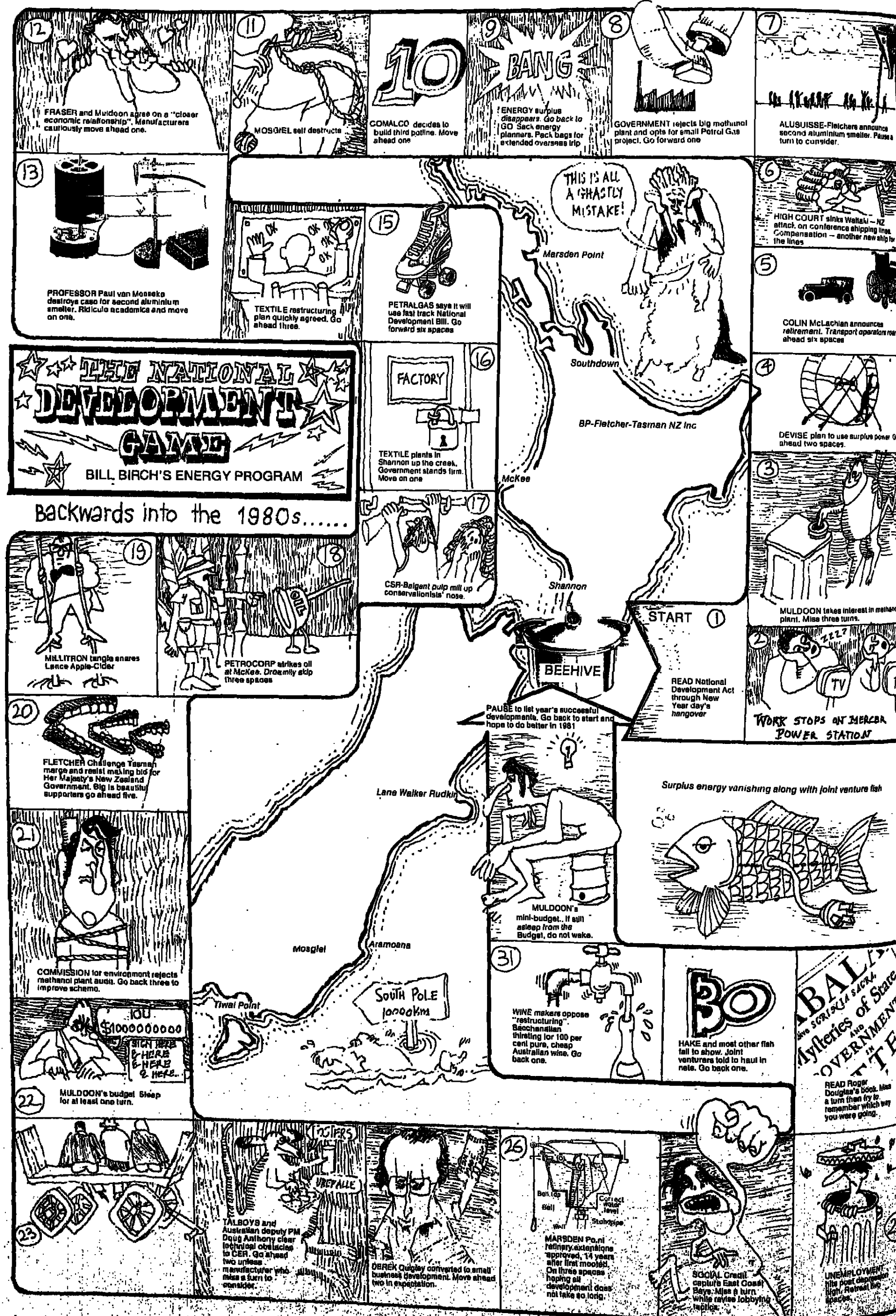
☐ I/We enclose \$8.00 per copy post free for copy/ies of *The Money Book*.

Name

Address

Occupation

Signature



Editorial

PRIME Minister Rob Muldoon's fierce sense of loyalty to his friends is a bemusing quality which must never be underestimated. It was revealed yet again last week in his sharp reaction to disclosures of discontent among Shipping Corporation directors and executives.

That discontent has been generated by the appointment as deputy chairman of Auckland businessman Harry Julian, a long-time friend of Muldoon, and by suggestions that Julian will succeed Sir Tom Skinner as chairman. It prompted four of the directors to take the unusual step of going to Transport Minister Colin McLachlan to express their concern and to ask that Julian be dismissed. At least one of those directors has since indicated he has considered resigning ("If I stay on with Julian on the board my professional integrity and status will be at stake"), and this paper's sources suggested the strength of feeling among them was so strong that others, too, might resign.

Muldoon's rejoinder was a blunt invitation that "any director who started making threats of resignation had better resign forthwith". That pugnacious response might reflect no more than a Prime Minister, under edge from within his own party in the last few months, showing how he has reassured his authority. It does nothing to remedy what problems need resolving in the ad-

ministration of the Shipping Corporation. The questions raised about Julian's appointment as deputy chairman of the Shipping Corporation (and of the Pacific Forum Line, where it cut short by several months the term of incumbent Government appointee Ray Shea) may not be justified. They do warrant an indication at least that the Prime Minister is prepared to examine them.

Loyalty can be an admirable trait. The blind loyalty too often demonstrated by Muldoon, however, is a fault that seems to cloud his judgement and thus exposes him to criticism. It inevitably brings the calibre of his administration into question.

It has led him to ignore all those who insist that McLachlan should make way for another choice as Minister in the important transport sector. Muldoon has preferred to impress on the public that McLachlan's talents are not recognised. Almost defiantly, he promoted McLachlan to the front benches ahead of others who seemed to have better credentials. The report last week of the commission of inquiry into airport safety services shows the Minister's administration in a light much different from that thrown by Muldoon's glowing praise of his colleague.

Muldoonian loyalty provoked further controversy over the new Deputy Prime Minister. Up to a week ago it seemed a safe bet that Muldoon's looking after his friends

would end up with Agriculture Minister Duncan MacIntyre being the man to succeed Brian Talboys. But many in the party see MacIntyre as a liability. There is concern that the Marginal Lands Board affair is weighing heavily in voters' thinking; it is apprehensively seen as a sleeper issue about which the public is saying nothing until it can express disapproval through the ballot box. There have been signs of agitation against MacIntyre among the party faithful in Auckland. Rural members have been receiving telegrams from constituents, urging them not to support the man whose performance in the Marginal Lands Board matter ought to have resulted in his resignation.

When Muldoon added an attack on Derek Quigley for daring to stand openly against MacIntyre, he provoked a groundswell of resentment among party members throughout the country. It is now highly unlikely MacIntyre will be deputy.

Muldoon had good reason for promoting the cause of a fellow "Young Turk". Simply, the party is not ready to choose as deputy leader someone who would be positioned to become the next leader. Derek Quigley is seen as a future leader simply because he has declared his hand. But there are other bright Cabinet Ministers with claims to stake. MacIntyre, as a stop-gap appointment as

deputy, made good sense — at least in normal circumstances.

Muldoon's problem is that he needs an ally in the deputy's job. Power is shifting to the younger members. This trend will become more noticeable after the 1982 elections, when there is a fresh influx of talented new members with ideas of their own like Ruth Richardson.

Until recent weeks, it had been unheard of for National politicians to openly reveal schisms within the party. But Quigley exposed a deep schism through his involvement in the attempt to oust Muldoon as leader. Further, he has been expressing views on key policy questions that are inconsistent with those being voiced by Muldoon. Whatever his administrative qualities, Quigley has thus been not only disloyal, but overtly disloyal, to Muldoon.

A divided Cabinet raises its own questions in the public mind but last week — as Muldoon sought Quigley's resignation — "loyalty" was again the major influence. His instincts were to rid himself of a disloyal Minister rather than one whose actions raise questions of propriety, judgement and competence.

— Bob Edlin

Without word of a lie

Paper money

THE *Otago Daily Times* has not been Prime Minister Robert Muldoon's most enthusiastic supporter recently. The paper, under editor Keith Wilson, has repeatedly criticised him.

So it will be interesting to see whether the paper's owner, Allied Press Ltd, will this year keep its subscriptions to the National Party.

According to information supplied to *NBR* — in the form of a photocopy of a memo from Jupp-Southland divisional director Peter Parsons to electorate chairman on October 23, last — Allied Press has been a good solid backer of the party.

In election years 1975 and 1978, according to this information, Allied Press kicked in \$1500 and about half that in off-years.

The list, which is of Dunedin firms, makes interesting reading. Those who gave more than \$1000 in 1978 were Dunaghy's Industries Ltd, W. Gregg and Co Ltd, Hallenstein Bros Ltd and NZ Cement Holdings Ltd (top scorer with \$2500).

Another 15 contributed more than \$100. Most of the rest of the 72 named firms clearly contributed "brush-off" money — enough to get the collector out of the office.

Much has been written and said about the difficulties faced by the National Party this year in raising money. Will even "brush-off" money be forthcoming for 1981?

Red light rip-off

STRIKE a light. It's expensive in London, as a New Zealand visitor found out.

Already staggered by costs, she bought a box of matches to light a cigarette, paid 20p (around 50 cents), thought they rattled a bit, so counted them — and found there were 28.

Closer examination of the box showed they were made in Russia.

Costly junket

AN acquaintance of *NBR* has just been to Hobart as a guest of Ansett for its inaugural flight from Christchurch. He thought it was a free trip. But finance writer Peter V. O'Brien noted last Tuesday that — at that time — it had cost the junketer \$1400. The calculation was based on what our acquaintance could have fetched for his Bridgetown shares when they hit their peak a few days earlier, and the price they were fetching last Tuesday.

INVESTMENT

Brand new factory at Glenburn Estate, Avondale, leased for 12 years with tenant paying all outgoings.

Price \$66,000, rental \$6,934 p.a.

Trustee mortgage valuation \$61,500.

This factory is typical of investments we have available in both Auckland and Hamilton priced from \$28,750.

Contact Pioneer Developments Limited, P.O. Box 21431, Henderson, Auckland 8, or telephone Henderson 61104 or Glen Eden 4288 after hours.

NATIONAL BUSINESS REVIEW

Published by Fourth Estate Newspapers Ltd.
Managing Director: Ray Birchfield
Marketing Director: Ian F. Grant
General Manager/Accountant: Stephen Underwood
Editorial:
Editor: Bob Edlin
Production: Ralph Green, Ann Taylor

News & Features:
Colin James, Rae Mezengarb, Stephen Bell, Jack Hodder, Allan Parker.
Contributing:
Finance: Peter V. O'Brien
Auckland Bureau:
Warren Berryman
Gordon McLachlan
Advertising Sales:
Manager: Paul A. C. S. Loh
Promotions:
Manager: Kathi Scott

Circulation:
Manager: Jan Chee
Auckland Office:
2nd Floor, Levens Building
Chr. Alameda & St Paul Street, Auckland
Tel: 799-304
Wellington Head Office:
Fourth Estate Newspapers Ltd
15 Blair Street, Wellington NZ
PO Box 9344
Tel: 736-876
Cables: Natbus

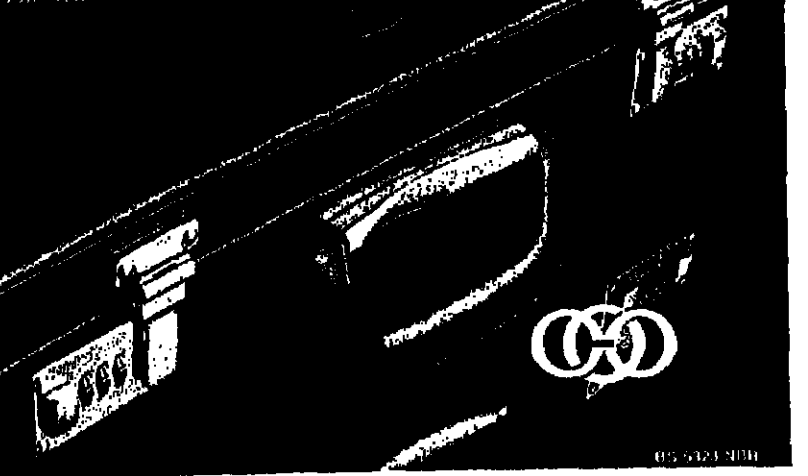
National Business Review incorporates *Admark* and is a registered publication weekly (except for last week December and first two weeks January).
Typeset and composed by Computype Services Ltd, Wellington. Printed by R. Lucas & Son Ltd, 116 Kapiti Road, Paraparaumu.
Single copies: 80 cents
Subscription rates: NZ\$30
Member ABC (Audit Bureau of Circulations)

Risk Management

If you think it's just insurance jargon, then you haven't spoken to Hogg Robinson

In its ultimate application 'Risk Management' should eliminate the need for insurance. With this ideal in mind, Hogg Robinson, International Insurance Brokers, work with you to reduce your risks to the minimum, leaving as little as possible to be insured. Then they carefully select where best to place this insurance. Hogg Robinson are able to make the complexity of 'Risk Management' sound this simple because they have had 135 years of experience with every type of industry around the world. They know the business world, the insurance world and how to get the best of both for you. Why not speak to them?

HOGG ROBINSON
INTERNATIONAL INSURANCE BROKERS
P.O. Box 2497, Auckland.
Telephone 30-716



Letters

Does money matter?

I REFER to the article, "A hint of desperation enters in the blue corner", by Colin James (NBR December 1).

The gist of the article was that people supporting Social Credit are not really concerned about the league's monetary policies, although these are, of course, the very essence of Socred. James quotes the standard reply to doubt about these policies — "The only funny money is in your pocket" — as some sort of last word, when the obvious rejoinder is, "Agree, but why then do you propose to add to it?"

NBR's Wellington readers, some of whom may have read the interchange in the *Dominion* between the league's financial spokesman and myself will know that it has proved impossible to pin the league down to giving any more than the vaguest idea of the party's financial policy.

Their whole philosophy, dating back to Major Douglas, is predicated on some great and chronic gap in purchasing power, responsible for all the economic ills of the world. The 1978 manifesto mentions costless credit for consumer subsidies and 1 per cent loans for local bodies (for swimming pools, among other things) but gives no idea at all of the extent or the deficiency to be met, other than a vague reference to the fact (irrelevant) that M1 has declined as a percentage of GDP. Thus it is impossible to assess the likely effects on the economy and on the balance of payments deficit of issuing this extra money.

My articles inevitably sponsor lots of letters from supporters and, quite remarkably, it is obvious that they themselves have widely differing interpretations of what Socred is all about.

Even the party manifestos have four times as much on education as on finance.

The league cannot be allowed to continue to get away with this. Both the major parties must pursue what is the main feature distinguishing Socred from their own policies.

Another aspect which gives cause for alarm is the declaration that the party, if it held the balance of power, would not unseat the government of the day. Thus, for example, if a Labour Government introduced a bill to nationalise the meat industry the league members would abstain — which would mean, in effect, supporting the measure.

Since James wrote, the Labour Party has also expressed concern about the effects of increasing Socred support. Unfortunately, in New Zealand, governments are elected or defeated by a relatively small swinging vote by people who seem unwilling to face, or incapable of grasping, the realities of the economic problems facing the country, mainly not of our making. Socred seems to offer a painless

and certain cure, a characteristic of what is nothing more than sheer quackery.

JV White
Wellington

Harvesting homework

WARREN Berryman's article "Bedsore balms market born from chance meeting" (NBR, November 17) shattered the illusion I had that your paper printed reliable and worthwhile information for readers.

While your reporter was "talking to Mark Wild in a Manhattan bar recently", I was leading the New Zealand Tanners' Export Opportunity Team on a three-week visit to the United States. In our busy three-week schedule we did not have time to visit any bars in Manhattan — pity, otherwise Warren Berryman may have been the author of a more informed article.

During our visit to the United States we did meet Mark

Wild who certainly is a very likeable and personable young man whose enthusiasm is undoubted.

Unfortunately, however, he has not done his homework — he has not "identified New Zealand technology and raw materials" for the market he believes is there, although according to your article this was their opening strategy.

New Zealand's sheepskins, by their very wool type, are not largely suitable for the bedsore market, and the few that are suitable are already being sold in other markets. By no stretch of the imagination is there \$250 million of this material available.

I would suggest that Mark's ability to sell Rosenthal Crockery to the British House of Commons is no real training ground for marketing New Zealand sheepskin products to the United States. In the same way, his disappointment at not being able to find suitable upholstery leather for exclusive German furniture shows his lack of knowledge of what New Zealand hides are suitable for.

Nigel Bowron
Marketing Director
G L Bowron and Co Ltd
Leader, Tanners' Export Opportunity Team

BERRYMAN was aware the export opportunity team was in the United States at the same time as he was. But Wild had been active in the American market since February; the export team had been there only three weeks. Thus we considered Wild a worthwhile source of information. (The meeting with him in a bar was not by chance but by appointment.)

We said the total market in the United States Eastern seaboard (the potential for woollen products) was worth \$250 million. This market includes sheepskins, silverwool, and wool pile products for medical use. Whether New Zealand can supply all or only part of that market remains to be seen (but, only a 1 per cent slice would amount to \$2.5 million).

Dermalex of the United Kingdom produces medical products from New Zealand wool, bearing the "woolmark". This product is made from shorn wool on a porous fabric backing.

Wild is the American agent for this product. Your company might not be interested in supplying the United States market with this type of product. Several other companies are.

A woven wool product made in this country is undergoing trials in local hospitals and, we are told, standing up well to rigorous testing. Stock, Wild and Co has the agency in the United States for that product.

Your comments about Wild trying to find upholstery leather for the German market missed the point — he was interested in using his position at Rosenthals to swing an export deal our way. He wrote the trade commissioner in Bonn for information and received no reply.

Berryman has been acquainted with Wild for some years and has no reason to doubt his selling ability. Further, Wild was well recommended by the New Zealand trade commissioner in Washington. Until proven wrong, we will give greater priority to this sort of evidence than to disparagement from a competitor.

In the interests of even-handed treatment, as would always be interested to hear from Bowrons about what value of New Zealand-sourced exports were generated during the three-week trip to the United States.

— Editor

PO pays its way

THE article by Bob Stott "Safe Air's prop breezes past market lobby" (NBR December 8) included the comment "Railways had been instructed to continue providing an inter-island mail service for the Post Office at less than cost".

This is not correct. The Post Office pays its full share of the cost of using Safe Air service for mail and receives no subsidy whatsoever from the Railways.

Kevin Rush
Press Officer
Post Office

STATION MANAGER

New Zealand's newest radio station is scheduled to commence broadcasting at the end of March 1981. This is an opportunity for skilled professional people to lay the foundation for what promises to be a highly successful operation in one of New Zealand's most lucrative markets. Foveaux Radio is seeking as a station manager a person with leadership qualities who has had experience in programming, sales and administration. It is proposed that the station manager will be involved in the direction of station programming as well as supervising administration. A very attractive salary and other benefits will be paid to the right person.

Applications including full resume of previous positions should be addressed to:

THE CHAIRMAN
FOVEAUX RADIO
P.O. BOX 83
INVERCARGILL

With these hard words, the economists must be determined to discredit Socred's cause. Economists have worked so hard at underestimating the currency of Socred's thinking that the lay public must wonder if they have some stake in keeping Socred at bay.

Politics

1980: A deeper disenchantment changed the rules

by Colin James

A COUPLE of weeks ago I bumped into an out-of-town political scientist who was aglow. "Do you know what's going on in politics?" he asked. "No," I said. "Nor do I," he beamed. "Isn't it marvellous."

It is — for us on the outside. But not for politicians, especially the Labour variety. By all the old rules, Labour has been doing most things right this year. It has got itself a bigger, tighter, more productive central organisation and improved information flows.

It has thought large chunks of policy from the ground up and started feeding it out to the public well before the election, with some competent supporting material.

It has planned and started its campaign much earlier than usual and with more attention to local detail. Party brass have been touring electorates with targets and new organisational techniques to pursue them.

Fund-raising is in earnest. Membership is rising and activity and interest within the party is higher than usual.

By and large intelligent and able candidates have been selected.

A candidates' conference a weekend ago was described by one experienced and sceptical MP as by far the best he had been to — well organised, with real meat for the candidates, a buoyant mood.

In short, Jim Anderson's presidency has transformed the party — not without some toes, wounded egos and some grave misunderstandings (or perhaps too accurate understandings), for Anderson is abrasive, direct and impatient with the hidebound, the slow-moving and the disagreeable disagreeers.

But public opinion is so far proving insensitive to his efforts.



Roly White... man of the year for an important reminder.



Henry Raynel... underpinning of a winning.



Jim Anderson... last but unrewarded transformation.



Bruce Beetham... giving an airy form to nothing concrete.



George Chapman... decisions last longer than leaders.

Some weeks back Anderson accused NBR's "regular political commentator" (me, I suppose) of being superficial. Perhaps he was right. Perhaps in chronicling his party's improvements this year, I failed to inquire sufficiently into their nature, direction and relevance.

Is all this energy and efficiency, this intelligent, witty youthfulness and revamped and liberalised social democracy off-beam?

Long-term, I think not. But the short-term political illnesses may be untreatable by Anderson's conventional medical techniques, however well applied.

Two perceptive senior men, one in each main party, have recently concluded to me that the emerging dominant concern in the electorate is "the family".

In other words, the disenchantment the polls are recording is deeper than inflation or unemployment or interest rates, though no doubt they heighten it.

The "strain" felt by the electorate may be at the more fundamental level of moral and social values, which have been dislocated by the liberal ex-

cesses of the National- and Labour-run 1960s and 1970s. There is no political remedy to such a condition. But there is a convenient ambulance for poll respondents.

Social Credit has been more "family"-oriented, more conservative on moral and social issues than its competitors. Being also the established protest party, it has been the natural political vehicle for an inchoate social reaction to the strain and its accompanying disorientation.

It need not have been. A Mick Savage (Mick Connelly?) in charge of Labour might have picked it up. Bill Rowling with Anderson's work done one year earlier might have. A "nice" Robert Muldoon might not have let go the bits of it he had in 1975.

And Social Credit might have been its old disorganised self — unable to get the wheels on the ambulance or to get it into gear.

But Social Credit has done both. Beetham has skillfully generalised his message to tap the deeper discontent that underlies the apparently conflicting concerns pushing people his way.

His role is to give an airy form to something for which there is no concrete form. And on the ground his organisation is getting better and more pervasive. Though winning East Coast Bays surprised the league and me, it was not an undesired windfall.

Henry Raynel — soft spoken, low-profile, no intellectual genius, but with a remarkable persuasive skill on doorsteps and in living rooms — had been working there since the 1978 election, having shifted up from Rangitikei.

Winning in Rangitikei and East Coast Bays was critical to building Social Credit's electoral acceptability and respectability. And Raynel was important to Social Credit's capacity to win in both places.

He would be my choice for political man of the year — but for Roly White, whom I have never met and who will probably return to the obscurity whence he came in June.

White blew the whistle on Jim and Audrey Fitzgerald, their "extremely unwise" father-in-law, Duncan MacIntyre, and their "unwise" friend, Venn Young.

That whistle needed blowing, both for the affair itself (trivial though it was by world standards of corruption and scandal) and — in the more general and more important sense — to remind us and our politicians that nearly 30 years in power can form bad habits.

If MacIntyre and Young have suffered, they have suffered in a good cause: ministers and others in myriad, often politically-appointed, positions of power over the taxpayers' money may for a time be a bit more wary of lending their ear and their influence to a friend's cause.

Their suffering and the wounds it caused in the countryside and the party were symptomatic of a paradoxical year for National.

At one level, important and far-reaching decisions have been made on long-horizoned economic development and liberalising policies that contrast with past ad-hocery.

But at another there is severe and deep disunity between the old and new guards in Parliament and a debilitating malaise in the organisation, which is finding members and money harder to come by than

at any time since 1971, before the 1972 defeat. If anything, National is third in organisation at the moment.

The disunity came to a head, appropriately, in a unique public challenge in October to the Prime Minister and as this column went to the printer was festering over the nomination of the tainted MacIntyre as deputy.

The Prime Minister survived in October, partly because of great short-term tactical skill. But when he claimed at a press conference last week to be the party's "number one strategist", guffaws went up in party circles.

The long-term stuff is the province of George Chapman, who pins his faith more on the decisions than the leader and whose aim is to keep the party intact come what may in the next 12 turbulent, unpredictable, marvellous months.

One certainty is that Brian Talbot's will not be deputy at the end of them. With him will go National's last tangible link with the placid 1950s — a suitably symbolic severance as we head into the most fascinating political year since 1935.

Economics

Soaring Socred popularity forces basic rethink

Economics Writer

ECONOMISTS do not often agree, but Social Credit does appear to be one area where there is general agreement. To put it bluntly, New Zealand's professional economists do not think Social Credit's policy is worth the paper it is written on. Show an economist an example of Social Credit's economic philosophy and you will wrap a stream of immediate negative comment, or more likely, a stream of abuse. Just about every economist (whether they have read the literature or not) is quick to point out that Socred theory is filled with asserted definitions, abstruse logical fallacies and, worst of all, historical misinterpretations.

And, even if these policymakers know what they are doing, they are not very good at communicating it.

We are told that the basic rate of inflation is around 10 per cent while food prices have continued to rise at over 20 per cent all year. Finance Minister Rob Muldoon has leaked a report from the International Monetary Fund saying good things about the health of the economy; but the balance of payments is worsening and, despite large wage increases, most earners are finding it difficult to make ends meet.

People are reporting more and more to plethoric money and easy credit as a means of paying for things they would once have been able to afford out of their current savings. Everyone can have their own stereo — but at 26 per cent interest. Some people can finance themselves into \$50,000 or \$100,000 homes and then find themselves committed to large mortgages and interest rates of over 20 per cent on second and third mortgages.

All which makes life very complicated. In its latest publication, *What is Wealth? A Child's Guide to the Money Game*, Socred explains, in simple terms, how it views what is wrong with the world.

Wealth is everything we make and use and do for each other. This definition is a far cry from the economist's definition of wealth which is the accumulation of assets. But it is not too different from the economist's definition of the real sector of the economy — the sector producing goods and services.

Interpreting Socred's definition of wealth in this way it is not difficult to see that "wealth is food, houses, clothes, tools, haircuts, holidays, cars, cookers, medicine, sunbaters" as well as "things done

for us by teachers, mothers, doctors and the rest".

Socred is close to conventional economic thinking when money is listed as separate from goods and services. Economists divide the economy into the real sector (the production of goods and services) and the financial sector (the money sector).

Social Creditors and economists would generally agree that the production of goods and services depends on different things than the operation of the money sector. So while Socred uses the terms in a different way from economists, it would make sense to say "money is not wealth".

But, after establishing this point, economists and Socred part company. Socred says we have only two choices. Either we can live in the money sector or we can live in the goods sector. Or, as the book puts it, we can live on a desert island with bags of gold and banknotes or we can live on one with no money at all but with coconut trees, fresh water, fishing line and hooks, an axe, a spade and some seeds.

To an economist, the goods sector and the money sector operate together, although each

is determined by different things.

It is hard not to conclude that for the Social Creditor, the fundamental principle is that money is the root of all evil. Or maybe not money, but the uses money can be put to.

The availability of credit enables many of us to use things while we pay for them. It means most of us can finance ourselves into houses when we need them to bring up our families. If we had to earn the money first to buy a house, many of us would be elderly before we could find proper shelter.

Here Socred steals a leaf out of conventional practice and suggests setting up a new institution — the New Zealand Credit Authority. Similar to the Reserve Bank, it would be the central bank that controls other banks.

Where Socred strays from the conventional line is in outlining what this credit authority would do. Somehow it would respond to voters' wishes better than the banks do. And by doing so, it would close the gap between prices and incomes.

Bringing us into the territory of the basic principle of Socred theory — the A plus B theorem. As *What is Wealth* puts it, we would not have to borrow from financiers to close the gap

of industrial unrest because they can turn the credit tap on and off when employers want to borrow more to cover their costs.

Because of the amount of control trading banks and financiers have over credit and in turn, production, Socred wants to take the power over credit away from them and give it to the people actually involved in production. Which is a fair enough objective, but how should it be done?

For Socred, the price we pay for credit is too great. It means that trading banks and financiers end up with too much control over our lives. Because production of real goods and services is often financed with credit, those in charge of credit can make decisions about what is produced.

Those controlling credit can decide whether or not factories can borrow money to stay in business. Indirectly that means they can decide whether or not factories continue to operate at all. According to *What is Wealth*, financiers are the cause

of industrial unrest because they can turn the credit tap on and off when employers want to borrow more to cover their costs.

Because of the amount of control trading banks and financiers have over credit and in turn, production, Socred wants to take the power over credit away from them and give it to the people actually involved in production. Which is a fair enough objective, but how should it be done?

For Socred, the price we pay for credit is too great. It means that trading banks and financiers end up with too much control over our lives. Because production of real goods and services is often financed with credit, those in charge of credit can make decisions about what is produced.

Those controlling credit can decide whether or not factories can borrow money to stay in business. Indirectly that means they can decide whether or not factories continue to operate at all. According to *What is Wealth*, financiers are the cause

of industrial unrest because they can turn the credit tap on and off when employers want to borrow more to cover their costs.

Because of the amount of control trading banks and financiers have over credit and in turn, production, Socred wants to take the power over credit away from them and give it to the people actually involved in production. Which is a fair enough objective, but how should it be done?

For Socred, the price we pay for credit is too great. It means that trading banks and financiers end up with too much control over our lives. Because production of real goods and services is often financed with credit, those in charge of credit can make decisions about what is produced.

Those controlling credit can decide whether or not factories can borrow money to stay in business. Indirectly that means they can decide whether or not factories continue to operate at all. According to *What is Wealth*, financiers are the cause

of industrial unrest because they can turn the credit tap on and off when employers want to borrow more to cover their costs.

Because of the amount of control trading banks and financiers have over credit and in turn, production, Socred wants to take the power over credit away from them and give it to the people actually involved in production. Which is a fair enough objective, but how should it be done?

For Socred, the price we pay for credit is too great. It means that trading banks and financiers end up with too much control over our lives. Because production of real goods and services is often financed with credit, those in charge of credit can make decisions about what is produced.

Those controlling credit can decide whether or not factories can borrow money to stay in business. Indirectly that means they can decide whether or not factories continue to operate at all. According to *What is Wealth*, financiers are the cause

of industrial unrest because they can turn the credit tap on and off when employers want to borrow more to cover their costs.

Because of the amount of control trading banks and financiers have over credit and in turn, production, Socred wants to take the power over credit away from them and give it to the people actually involved in production. Which is a fair enough objective, but how should it be done?

For Socred, the price we pay for credit is too great. It means that trading banks and financiers end up with too much control over our lives. Because production of real goods and services is often financed with credit, those in charge of credit can make decisions about what is produced.

Those controlling credit can decide whether or not factories can borrow money to stay in business. Indirectly that means they can decide whether or not factories continue to operate at all. According to *What is Wealth*, financiers are the cause

Continued on page 13

The secret to getting more done in less time.

Two unique management seminars in early 1981 sponsored by National Business Review in association with Qantas and Paddy Guildford.

Dr Alec Mackenzie, a world authority on time management, is returning to New Zealand in February 1981, after a highly successful seminar in Wellington last August, to conduct two comprehensive one-day courses in Auckland and Wellington.

The Persistent Time Wasters

Chances are, one or more of these time wasters mars your efficiency and decision-making ability.

- constantly running out of time;
- worried by phone calls;
- answering questions that should not have been asked;
- taking work home... late;
- bringing it back undone;
- doing things you could have delegated;
- missing deadlines and making excuses;
- wasting time in meetings;
- having too much to do in too little time;
- getting "urgent" requests at the last minute.

Using techniques refined in courses and studies in 30 countries, Dr Mackenzie examines, at his personally conducted seminars, the principal time-wasters and gives practical, workable ways of saving two precious hours every working day.

The Time Trap

As Dr Mackenzie says in his book, *The Time Trap*: "Each of us already has all the time there is. Thus we discover the paradox of time: few people have enough; yet everyone has all there is..."

"Time is a unique resource. It cannot be accumulated like money or stockpiled like raw materials. We are forced to spend it, whether we choose to or not, and at a fixed rate of 60 seconds every minute. It cannot be turned on and off like a machine or replaced like a man. It is irrevocable..."

"We can, however, determine the way we spend it. Like other resources, time is either managed effectively or it is mismanaged..." The most effective use of time is the cornerstone of Dr Mackenzie's seminars. His *Time Management Seminar* shows you how, if seriously applied, the concepts, techniques and tools presented can save you at least two hours a day. And a saving of two hours per day equals 500 hours per year... or three months of working time. The Mackenzie *Time Management Seminar* addresses all functions of management: planning, staffing, controlling, organising, directing, communicating, decision-making. The format is based upon lecture and short term assignments (in groups of five) with liberal audience participation and role plays. Films and slides are used for variety and to reinforce the learning process.

Who Will Benefit?

The executive and manager can gain dramatically in terms of his or her performance. But as a manager cannot work effectively in isolation, the seminar programme will be of equal importance to

How Do You Register?

The all inclusive cost of the Alec Mackenzie Time Management Seminar is \$135.00. The registration fee includes all sessions of the seminar, which runs from 8.30 am to 5.00 pm, morning and afternoon tea and lunch, a copy of Dr Alec Mackenzie's *The Time Trap*, and a 140-page work book which will be used throughout the seminar. This completed work book will become your personal Action Plan and reference guide.

To register, simply fill in and mail the coupon below. As seminar numbers are limited, registration will be dealt with strictly in order of receipt.

Attendance at these seminars is tax deductible.

Mackenzie Time Management Seminar

P.O. Box 10230, Wellington

(Please cross out/tick where appropriate)

I/We wish to register for the Mackenzie Time Management Seminar at Trillio's, Auckland, February 2, 1981

Overseas Terminal, Wellington, February 5, 1981.

☐ I/We enclose \$..... (cheques made out as above)

☐ Please charge the credit card

☐ Please send me/us the leaflet indicating seminar outline.

NAME/S.....

ADDRESS.....

If you wish to charge purchases, please fill in card numbers below.

If multiple charges are being made, please supply names/numbers on separate sheet of paper.

Expiry Date.....

Diners Club Card No.

American Express Card No.

Visa Card No.

Bankcard No.

Personal copy/ies of "The Time Trap" will be forwarded with your admission receipt. The book is required pre-seminar reading.

Dr Alec Mackenzie can save you two precious hours every working day.

QANTAS

O'Brien on business

Govt not the only influence on interest rates

INTEREST rates close the year only a small margin below the peaks recorded a few months ago.

Forecasts which declared a fall in long term rates in the final three months of 1980 have proved incorrect, although the short term market fluctuates

even on a daily basis depending on the supply and demand for funds.

Several interlocking forces set the pattern for interest rate movements, but these days the inflation figure is a key to the trend in medium or long term securities.

PETER O'BRIEN comments on the financial and business week, appraises the share market and analyses the company accounts.

Any interest rate below the rate of inflation makes the lender subsidise the borrower. The former will resist if the

return comes much below inflation. Arguments differ on the responsibility for the present upwards movement in prices, with the Government a favourite target.

Government economic policies in the internal economy are certainly an element in price changes, but a considerable amount of New Zealand's inflation is imported. The rise in oil prices possibly has been overworked as the major force, but it has a sizeable influence on local prices, because transport and similar fuel-based costs are included in the price of every good or service produced in this country.

The interest rate outlook for 1981 is unfavourable. The Government is budgeting for increased deficits before borrowing, a policy which will increase the money supply.

In two speeches last week, Finance Minister Rob Muldoon said the Government had no desire to impose the equivalent of a credit squeeze in 1981, but it also did not intend to let money and credit aggregates expand to a growth level where they would put additional pressure on inflation.

Money Supply (M1), the broader M3 aggregate, and private sector credit, are now expanding at a rate which is below the ongoing shift in inflation, compared with a year or 18 months ago, when inflation was around 15 per cent and the growth in aggregates was running in the high 20s.

The Government has the

power to influence rates to some extent, either through its own borrowing programme, or by deciding that statutory bodies are going to the market at excessive rates. The latter power was used when Muldoon refused to sanction rates proposed in the Dairy Board's first attempt to raise funds earlier in the year. When the issue was approved the rates were a little lower, but there was no dramatic downwards shift. The board was still competing with the long term industrial debenture rate which had eased in the intervening months.

The industrial debenture rate peaked at around 16 per cent, and is now moving around 15 per cent, depending on the status of the company making the offer, and technical factors related to the overall yield to maturity.

Muldoon said last week that a flexible interest rate policy meant rates could move down as well as up, "when conditions demanded it".

At present the conditions appear to demand that interest rates remain close to present levels for a fair part of 1981, although the Government will hope to see some easing in the latter part of the year for political reasons with the approach of the election.

While "high" interest rates may make economic sense given the impact of other indicators, they can have a horrific effect on investment decision in industry. Interest rates of 15 per cent on funds borrowed for expansion, or even for working capital purposes, are a substantial part of overheads before any allowance is made for margins on the project's output to cover other costs and make a profit.

Discounted cash flow exercises, which take a 15 per cent figure a year, reveal a major extension in pay-back periods, sometimes to the extent that the investment is abandoned in favour of an alternative which will shorten the period.

A simple example, which refers only to the interest cost of a project can be seen in the hotel business.

If money costs 15 per cent, and is borrowed to build an hotel at a cost of \$80,000 a room (a cost which relates the other facilities to a "room" cost, and is conservative for any high-rise high-class project in central city areas of Auckland and Wellington), and a 70 per cent occupancy rate throughout the year is assumed (including weekends), the room tariff must be at least \$47 a day to cover the interest payments, before any allowance for other outgoings and a return on the capital investment.

Therefore the tariff soars, which creates consumer resistance. The payback period, and satisfactory discounted returns, are extended to such an extent that potential investors look for other outlets for their funds.

Various fiscal policies change the pattern a little, but the high cost of money can still be a deterrent.

In some other circumstances, a high inflation rate can offset the interest rate, particularly among individuals who are prepared to pay the market rate for loans, with the knowledge that wage and salary increases will take care of the interest burden while reducing the real effect of principal repayments. That is no comfort to lenders, and they are unlikely to be any more comfortable in 1981.

1980 sharemarket: major boost from

THE sharemarket in 1980 saw almost everything which could happen in one year. Takeovers, dawn raids, a massive merger, cash and bonus issues, higher dividends, profit downturns, a speculative mining float with excellent gains for the stags, and the development of official intervention in the securities industry attracted headlines at one time or another.

Most analysts expected a slight improvement in company profits and market indices when the year opened. They were on target with the first forecast, but no person involved in the industry expected the events which resulted in the indices going up about 55 per cent between January and last week.

The major boost came after

announcement of the Challenge, Fletcher and Tasman proposed merger. Until that time the indices had moved about 30 per cent, but picked up the difference between that gain and 55 per cent in only seven weeks.

A renewed interest in equity investment was paradoxical, to the extent that it occurred against a background of difficult economic conditions. Inflation continues in the 15 to 20 per cent range, unemployment is rising, the balance of payments shows little sign of any improvement in the medium term trend (subject to minor fluctuations depending on the particular period when the figures are struck), and irreconcilable arguments are going on over the country's development programme.

Part of the explanation lies in the limited attractiveness of alternative investment outlets. Fixed term investment is out of favour, because a combination of inflation and the after-tax return erodes both the income and the capital sum. Property, although enjoying a rise in the latter part of the year in the residential market, involves high interest rates which cut into the real return.

The "things" market (coins, stamps, gold, books, pictures and so on) requires a level of expertise which is beyond the time and/or abilities of people who are limited to investing their savings.

Equities in 1980 demonstrated their advantage, being the inflation-resistant

O'Brien on business

Analysing annual accounts : R & W Hellaby

THE Auckland-based freezing company, R & W Hellaby Ltd, has a deserved reputation for sound efforts in industrial relations.

The effort put into preparing the annual report for shareholders could improve, because the 1980 document says little about what happened to the company in a year when profit fell 18.4 per cent to \$2,471,000.

The report says the trading results for the year were disappointing, and the company's activities of operating subsidiaries.

The directors' report has these comments - Hellaby Northland Ltd: "This subsidiary again had an excellent year with the same weight of beef being processed this year as last. Good productivity has helped to offset the adverse effect of many cost increases".

Hellaby Franklin Ltd: "This subsidiary, which kills and processes pigs at Pukekohe, also had a satisfactory year".

Hellaby Meats and MMM Meats Ltd: "These companies have had a profitable, although difficult trading year, with a clear indication that public demand for meat is tending to decline with changing food tastes and habits".

"The meat depots, which service many of the restaurants and institutions, have enjoyed satisfactory sales with profits earned being similar to last year".

And so on, through three other subsidiaries and six joint venture companies.

The consolidated profit and

loss account gives the company's total sales (\$178.1 million compared with \$164.6 million in 1979). The next item is "group profit after tax".

That was \$2,261,000, as against \$2,778,000 in the previous year, before taking to account the profits of associated companies.

Group profit after tax was arrived at by deducting expenses (not stated), taxation (not stated), and providing for interest, depreciation, and similar items. The last are required to be disclosed under the Companies Act, but the group gives no information on sales by areas, expenses and other relevant costs.

Hellaby invokes the provisions of the "Companies Accounts (Freezing Works Companies) Exemption Order 1956/185" as authority for failure to disclose the tax provision.

Several freezing companies have abandoned reliance on this 24-year-old exemption order, apparently in line with the requirements of modern financial disclosure in company accounts.

Hellaby still uses it, as do the listed insurance companies, which have a similar order dating from the same period (NBR October 27).

The argument usually turns on the possible advantage to overseas companies if the information is disclosed. The counter argument is that in 1980 the information is needed for a rational analysis of how a company performed in real terms, and that disclosure outweighs any doubtful advantage to competitors.

Information on balance sheet figures is better presented

than the data in the profit and loss account, particularly in relation to stocks.

Hellaby's stocks rose from \$16.4 million in 1979 to \$28.5 million last year. The directors' report says the intense competition in the Auckland province kept livestock prices well above national buying schedules, and adds: "The favourable farming season in the Auckland province also delayed the flow of stocks to the works, with the result that the late season kill caused substantial stocks to be on hand at balance date. This in turn has increased our indebtedness compared with last year".

A note to the accounts shows an increase in "meat and by-products" from \$11.2 million to \$22.2 million, with smaller proportionate increases in other stock items, which also account for a smaller proportion of the total stock value.

The compensatory entries are under current liabilities. Bank overdraft moved from \$16.9 million to \$23.2 million, and the company had \$15.5 million in unsecured borrowings at balance date, compared with a nil entry in 1979.

Changes to the balance sheet current items left the company with a current ratio of 1:0.84, as against 1:0.89 in the previous year. There is nothing unusual in a meat company having a negative ratio at balance date, which comes in the off-season, but the close relationship between 1979 and 1980 reinforces the point made here last week in regard to textile companies.

The ratio is meaningless unless it is examined in relation to its components.

There is little problem in Hellaby's case, because the

Fletcher-Challenge-Tasman merger

availability of tax free dividends, which raise the effective return for people in the top tax brackets, or in terms of capital gains.

There were plenty of handsome capital gains this year, ranging from the "treble your money" return on Bridgevale Mining to rises of more than 100 per cent in the solid industrial, Fletcher Holdings, and in Brierley Investments, but favourite standby for people seeking capital gain.

Given the events of 1980, no predictions for 1981 must be cautious.

The Challenge, Fletcher and Tasman merger will dominate the sharemarket, because the company's massive capital means that a 1c rise in the 50c shares will add a considerable amount to the total market capitalisation.

The merger is likely to have another effect, either in 1981 or 1982. Fletcher Challenge Corporation may go to the market for additional equity capital within the next two years.

The company has to finance the fourth newspaper machine at Kawerau, costing about \$200

million. While a large amount of that money will be borrowed either locally or offshore, the evolving capital structure of the company may require an equity contribution.

Then there is the share, admittedly later down the track, of the proposed aluminium smelter, assuming that the scheme goes ahead in the wake of protests. The addition of more borrowed funds to the company's balance sheet could upset the gearing, and provide another reason for having a cash issue.

Even a one for five cash issue at par in Fletcher Challenge requires about \$20 million. If an issue were made at a 50c premium (\$1 in total), the amount rises to \$40 million.

Those figures are substantial by the standards of the sharemarket, and would have an effect on all equity investment.

By the end of 1980 the market was euphoric, relying on rumours of more large mergers, some of them outlandish.

There might be a reaction in 1981 if another big one fails to materialise, or if the projections of company profits for the

1981 March year (and the following term) have been too optimistic.

But 1981 is an election year, and we have probably not seen the last of economic "fine tuning", or more proposals to live up to the economy and reduce tax burdens.

An election year presents other problems for investors. There are three possible outcomes in 1981. Either the Government is returned with a working majority, possibly below that it enjoys now; the Labour Party comes into power; or there is a minority government with Social Credit holding the balance of power.

The last alternative may have some benefits, in that it would make Parliament a better controlling force over executive power, but it adds uncertainty. No investment market does well when politics and economic policy are uncertain.

We are in for an interesting year, but it will be hard to beat 1980.

Note: The writer neither owns, nor has a beneficial interest in, any of the securities mentioned here.

Continued from Page 9.

between prices and incomes. The Credit Authority would ensure in such a way that there would always be as much money in the country as there was wealth (real products) to buy with it.

The explanation about how

this would work is much too simplistic in *What is Wealth?*

But fortunately, a new edition of Major Douglas' book, *The Monopoly of Credit* has just been published for those keen enough to better understand Social Credit philosophy.

It may be expensive. But until conventional economists are

more successful at putting the world in order, they are not in a strong position to put Social Credit down. And as Social Credit grows, economists involved in policymaking might have to give credit where credit is due and see if there is not some grain of truth in Major Douglas' arguments.

company will dispose of meat, and reduce reliance on short term borrowed funds. It can cause problems in other companies if there is likely to be any difficulty in lowering inventories.

Hellaby will be looking for a substantial stock reduction,

which may have happened since balance date. The effect on the proprietorship ratio (shareholders funds to total assets) was dramatic, with a drop from 46.8 per cent to 37 per cent.

The relationship of cash flow to total assets also suf-

fered, falling from 8.9 per cent to 6.4 per cent.

The company had a tough year. Additional information would allow shareholders to see how tough it was, and would give them a greater appreciation of the group's problems.

FILM PRODUCTION INVESTMENT OPPORTUNITY

Film Management (N.Z.) Limited finance and manage international film productions in New Zealand. The films will be released throughout the world through international distributors and be of the highest technical standard. The major roles will be taken by recognised international actors.

The Investor will receive:-

- Substantial Tax Savings benefits
- Spread payment funding
- Protection against budget over-runs
- Fund administration through a Trust company
- Profits from world-wide distribution
- Export related benefits

We have a specific film to offer potential investors which will be funded by Xmas on a first in basis. Minimum investment \$50,000.

All enquiries will be treated in strict confidence and should be directed to:-

Mr R.F. Locke
Financial Director
Film Management (NZ) Limited
P.O. Box 12597, Penrose, Auckland
Phone 591-267

This advertisement is not intended to be a prospectus.

ADE Teleray Series 10, 1061



1061 Design

• Block/Character Transmission • Scroll/Page Mode • Cursor Control-up, Down, Left, Right, Home • Cursor Position - Address and Read • Insert/Delete • Character and Line • Transmitt - Page, message and line • Clear - page, EOP, EOL • Format - Prolong Mode • Highlighting - On, Off, Inverse, Underline - any combination • Transparent Mode - Control codes displayed

1061 Operation

• Microprocessor Controlled • Programmable I/O Speeds, 50-9900 baud • Programmable Peripheral Speeds and enable/disable • Typewriter Keyboard - auto repeat - eight key functions • 128 Character set - 7 x 8 dot matrix • Programmable video character display • Servicable in seconds without tools or experience • Plug-in I/O

Price \$1,850.00 incl. tax

ADE also market the popular range of DEC terminals including the VT100 VDU and the LA and LS printers. Enquire on our other add-on equipment - these interface to virtually all machines.

Trade Mark of the Digital Equipment Corporation

ADE Anderson Digital Electronics (N.Z.) Ltd

AUCKLAND: P.O. Box 131, P.O. Box 131, Grafton, WELLINGTON: P.O. Box 1008, P.O. Box 1008, Lower Hutt, CHRISTCHURCH: P.O. Box 210, P.O. Box 210, Christchurch, DUNEDIN: P.O. Box 222, P.O. Box 222, Dunedin

TRANZ-ASIA

Keep things moving with Transpacific!

Regular Container Services

TRANSPACIFIC KEEPS THINGS MOVING

AUCKLAND:	794055	WELLINGTON:	859839
TAURANGA:	541238	CHRISTCHURCH:	583045
NAPIER:	53258	DUNEDIN:	775676

T/A/S/P

Take the guesswork out of drinking and driving ...

With ALCOCHECK.

The new precision breath tester imported direct from Sweden.

The breakthrough technology of ALCOCHECK hand held precision breath tester can save you from that fatal "one-over-the-limit", taking the guesswork out of drinking and driving.

A BREAKTHROUGH IN BREATH TEST TECHNOLOGY. Now for the first time drivers can conduct their own breath tests with remarkable accuracy. Previously, the only breath tester available was large, cumbersome, and extremely expensive. ALCOCHECK is designed with the latest conductivity system, with an extended lifetime.

THE RESOURCEFUL SWEDISH MAKE THE BREATH TESTER PRACTICAL. Now in a remarkable hand held size, the ALCOCHECK method of operation is extremely simple. The user blows into the mouthpiece after a brief "warm-up" period, and instantly a unique "traffic light" system shows whether the user is legally fit to drive. (Green: OK, Yellow: Warning, Red: FAIL. Small enough to fit in a car glove compartment, the ALCOCHECK breath tester clearly indicates user blood alcohol levels, and is a precision instrument, not a toy or gimmick. Used extensively in Sweden, Britain and Europe, the ALCOCHECK is the perfect gift answer this Christmas, for business associates, friends, family in fact, for anyone who may be drinking and driving this year.

YOU GET EVERY QUALITY FEATURE - Here are some of the quality features you get with Swedish made ALCOCHECK. • RUGGED HIGH QUALITY CONSTRUCTION. Sealed against dust and moisture, all parts are precision manufactured to stringent standards, with a long exterior finish.

• INTENSIVE TESTING ENSURES PROBLEM FREE OPERATION. Every unit is thoroughly tested before leaving the factory in Sweden for perfect functioning. • HYGIENIC MOUTHPIECES SUPPLIED. Spare mouthpieces (disposable) supplied with each unit.

MONEY-BACK GUARANTEE. I understand is not fully satisfied, I may return the unit within 7 days in original condition for full refund.

12 MONTHS FULL WARRANTY. ALCOCHECK is fully guaranteed for 12 months from date of purchase for accuracy of calibration and quality standards. Units may be returned after this period for a minimal cost calibration check.

SWEDISH MADE ALCOCHECK PRECISION BREATH TESTER

SPECIAL ENDORSEMENT. ALCOCHECK has been successfully laboratory-tested by the Alcohol Research Unit at Massey University - to their entire satisfaction, and has their official endorsement.

\$69.50

CLIP AND MAIL THIS COUPON TODAY

TO: AUSTSCAN TRADING CO. LTD.

83 Anzao Ave, Auckland 1, P.O. Box 2816, Auckland 1, Telephone 371-883.

Please mail today () ALCOCHECK units @ \$69.50 (includes batteries). Plus mail and handling charge of \$2.50 each. Total \$72.00 per unit.

NAME: PLEASE FIND ENCLOSED CHEQUE OR MONEY ORDER

ADDRESS: \$..... N.B.R.


Year	Percentage
1950	10%
1960	9%
1970	11%
1980	10%
1990	13%
2000 (Projected)	16%



PLEASE SEND ME A COPY OF YOUR PROSPECTUS

MR/MRS/MISS/MS

ADDRESS



UDC GROUP HOLDINGS LIMITED
Telephone 720-828
WELLINGTON, P.O. Box 352

**Please write to P.O. Box 47161
Ponsonby, Auckland for further
details.**

Last sale	Week's high	Week's low	Turnover	Last sale	Week's high	Week's low	Turnover	
ATKINS, 50C	140	140	140	500	250	255	250	3500
7.51 PR	...	...	...	...	137	137	132	900
AT 10	305	305	305	800	41	63	61	16100
AT 6.5 PR	125	...	...	...	...	...	...	...
AT 6.5 PR	105	...	...	...	285	290	285	7300
AT 6.5 PR	175	175	170	3100	201	205	200	3100
AT 6.5 PR	230	235	230	24100	272	280	270	24800
AT 6.5 PR	74	75	73	25600	...	...	...	...
ALLIANCE, 50C	60	65	60	5100	...	...	...	...
ALLIANCE, 50C	115	116	114	12100	...	...	...	...
ALLIANCE, 50C	335	335	325	4500	...	...	...	...
ALLIANCE, 50C	130	130	125	500	...	...	...	...
ALLIANCE, 50C	210	...	...	3000	...	...	...	...
ALLOY STEEL	260	260	255	3000	...	...	...	...
ALLOY STEEL, 50C	260	260	255	3000	...	...	...	...
AMCO PET., 50C	138	140	138	198800	...	...	...	...
AMCO PET., 50C	135	135	130	73000	...	...	...	...
AMCO PET., 50C	115	115	114	15100	...	...	...	...
AMCO PET., 50C	124	124	122	4000	...	...	...	...
AMCO PET., 50C	43	...	...	...	...	...	...	...
AMCO PET., 50C	267	270	265	47200	...	...	...	...
AMCO PET., 50C	230	...	...	...	...	...	...	...
AMCO PET., 50C	80	...	...	...	...	...	...	...
AMCO PET., 50C	250	250	245	800	...	...	...	...
AMCO PET., 50C	45	50	45	7900	...	...	...	...
AMCO PET., 50C	195	195	195	800	...	...	...	...
AMCO PET., 50C	28	33	28	17700	...	...	...	...
AMCO PET., 50C	28	31	28	4700	...	...	...	...
AMCO PET., 50C	500	500	500	4700	...	...	...	...
AMCO PET., 50C	210	210	210	5400	...	...	...	...
AMCO PET., 50C	240	...	...	...	...	...	...	...
AMCO PET., 50C	150	150	150	...	...	...	...	...
AMCO PET., 50C	270	...	...	...	...	...	...	...
AMCO PET., 50C	162	162	160	1650	...	...	...	...
AMCO PET., 50C	72	72	70	5100	...	...	...	...
AMCO PET., 50C	82	90	80	13600	...	...	...	...
AMCO	73	75	75	2200	...	...	...	...
AMCO	405	410	405	6300	...	...	...	...
AMCO	350	...	...	...	...	...	...	...
AMCO	80	82	80	14400	...	...	...	...
AMCO	320	330	315	7300	...	...	...	...
AMCO	200	...	...	...	...	...	...	...
AMCO	87	...	...	380400	...	...	...	...
AMCO	470	500	470	74500	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...	...	...	...	...	...	...
AMCO	...	...				

Government administration

Bureaucrats take the wind out of Somar's sails

The Arts Council would be looking at applications for funds until the next financial year, and would want to spread support throughout the country.

His musical talents being wasted. He leaves Zealand at Christmas for several months of conducting in the United States.

**Allied Mortgage
Guarantee Co. L.**
Professional Mortgage
Managers & Insurers

d



UP TO 17%
on insured 2nd mortgages

UP TO 16%
on insured 1st mortgages
Per annum for 2-3 years
Other terms and yields also
available

For brochure write
P.O. Box 255, Auckland
Phone 34-419

AMG
Allied Mortgage
Guarantee Co. Ltd.
Professional Mortgage
Managers & Insurers

Sunday's a Sizzler.

671,000 readers can't be wrong. New Zealand's most read* newspaper is in great shape.

Now the Sunday News offers a bigger share of the advertising dollar.

Sunday News has punch, power and potential.

If you are in retail, food, furnishings, leisure, home handyman or just want to move your merchandise quickly, then you can't afford to ignore the power of Sunday News.

New Zealand's fastest growing circulation. 100,000 increase in 9 years.

Sunday News is delighted to quote McNair Surveys (NZ) Ltd, one of the world's most reliable sources of media information.

* McNair Survey 1980

273,000 or 28.6% of all males 15 and over read Sunday News. He's interested in sport, current news, motoring and contributes primarily to the decision making of the family. Get him in Sunday News.

In the Northern region alone 147,000 or 33.0% of all females 20 and over read Sunday News. Her interests are fashion, leisure, travel and good times.

Ride should not be ignored. If you're in the pet care business, don't underestimate selling in Sunday News.

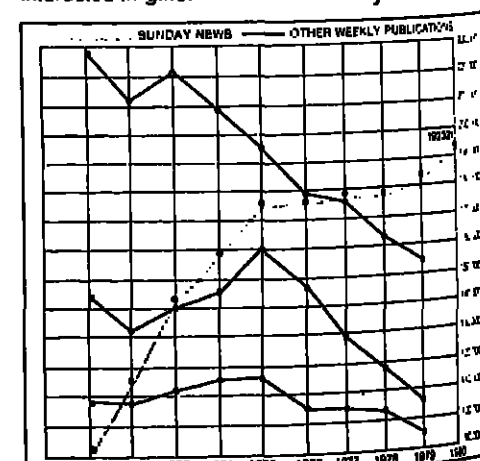
Sunday News facts speak for themselves. \$15,000 sales from one advertisement. 40,000 entries from one promotion. It's these kind of results that few media buys can offer.

Talk to your Marketing department or advertising agency now, or ring Sunday News Advertising Manager.

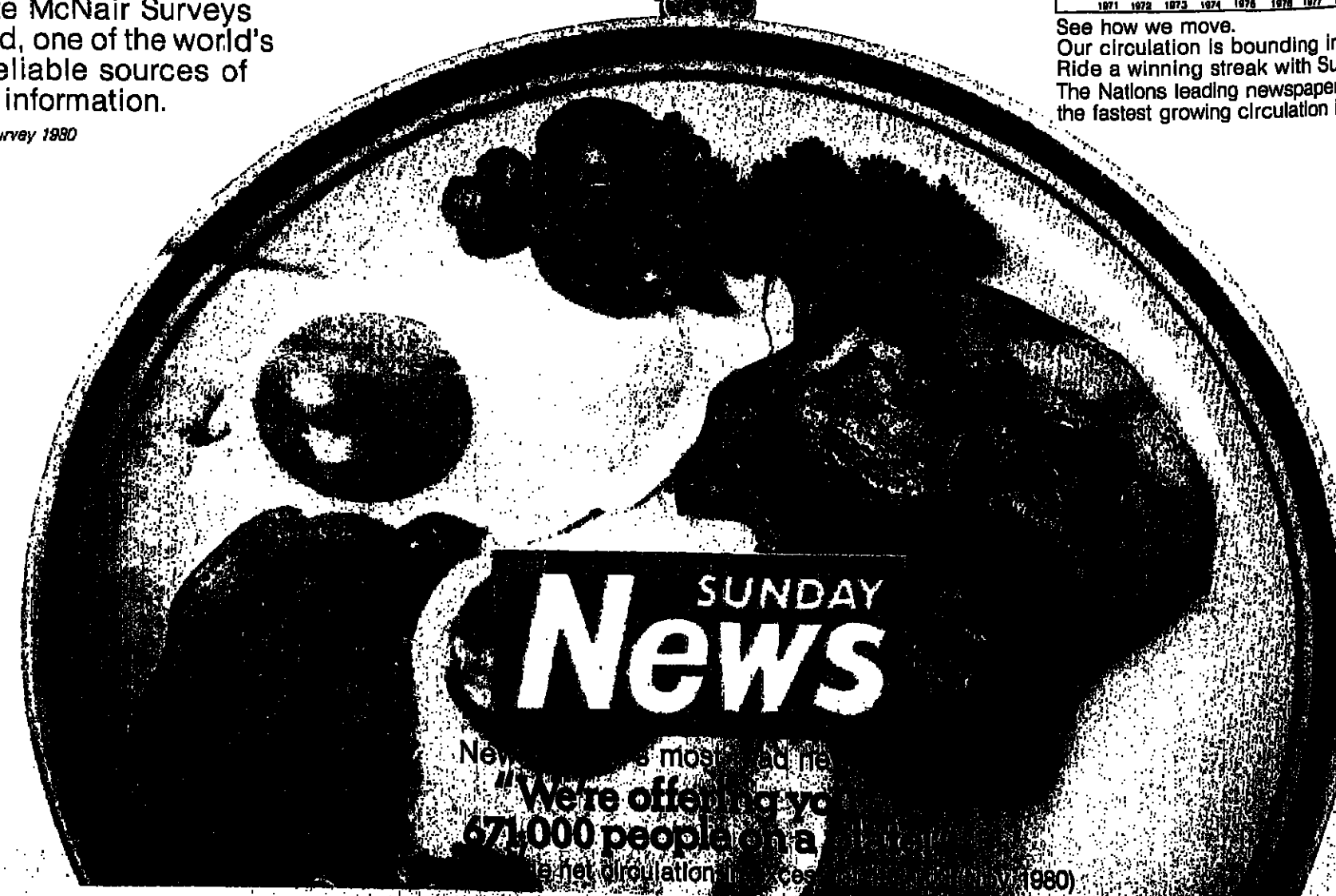
David Teape, for more information on how to make your dollar work 7 days a week.

283,000 or 24.8% of all females 15 and over read Sunday News. Her interests are in the family, fashion and lifestyle purchasing power.

165,000 or 38.6% of all males 20 years and over in the Northern region read Sunday News every week. He's interested in sport, cars, has big spending power and, yes, he's interested in girls.



See how we move. Our circulation is bounding in the 80's. Ride a winning streak with Sunday News. The Nations leading newspaper with the fastest growing circulation in the country.



by Grev Wiggs

FOR our last look at the marketing scene this year, we turn our back on the multi-million, marketplace to account a case study where the pursuit of creative planning, the pursuit of product excellence, the frustration of coping with fluctuating authority and the final steady success were no less real because they were experienced in a small market by a tiny business.

And by tiny we mean mini or even micro: a total capital of \$387, total sales of \$1557.81. And a return to debenture holders of 158 per cent interest. A business that was established on April 1 this year and, after a markedly successful operation, was voluntarily liquidated seven months later.

We give you the case study of the Awatapu Young Achievers Co.

It all began in 1979 when Alan Simm, executive vice-president of the Chambers of Commerce, was introduced to a programme, successfully operated in America and Australia, designed to introduce students to the world of business both in theory and practice.

Seeing its value as part of the Chambers of Commerce economic education programme, Simm asked the Chamber North Chamber to inaugurate a pilot scheme in

Five local schools were chosen to receive a prompt, positive response was received from Douglas Coles, head of the commerce department at Awatapu College.

Glaxo Laboratories (NZ) Ltd were asked to act as a counselling company and the two parties were brought together. By February of this year the preliminary meeting of school and company had been held and the scheme was under way.

A team of senior students was selected by Coles and at early meetings they were taught how to set up a company, prepare articles of association, issue shares and

record business transactions.

On April 1 the Awatapu Young Achievers Company was established, consisting of seven directors each holding a \$1 share which carried voting rights. Debentures subscribed by directors and others raised \$380.

With the officers of the company duly elected, it was time to investigate and decide on a suitable product for manufacture.

Six products were considered, ranging from pet rocks to vitamin tablets. The directors finally voted to manufacture, package and market flavoured glucose tablets.

Product specifications were drawn up and Glaxo was subcontracted to press samples of eight flavours.

"Market research now began," reads the report of marketing manager, Stuart Watt, "with various classes at Awatapu College being used to test the product. The choice was narrowed but of the remaining flavours some weren't considered strong enough. Finally, after the consumption of several thousand tablets the choice had narrowed to two; banana and half strength peppermint."

It was decided to pack in containers of 22, 60 and 100 tablets and 120,000 tablets were sub-contracted from Glaxo.

"Due to the tablets ingredients, they were subject to 20 per cent sales tax. But, after several trips to the Customs Department we were granted an exemption which applied to the first \$1000 of sales, although at the time of writing this report, there is still some confusion over the matter."

But the struggle with authority was not yet over. We turn again to the marketing manager's fascinating saga.

"Presentation was also being discussed. A single label on a securimeter was chosen as best and Debbie Green, our artist, then proceeded to design one.

What seemed a simple task in theory turned out to be somewhat more complex in practice.

"Unbeknown to us there are pages of rules and regulations governing labels. With all these regulations the Health Department still found it a problem classifying our product as a food or a drug."

The label claim, "A Natural Source of Rapid Energy," was acceptable for a food classification but had it said "High Energy" the product would have been rated as a drug and would have required approval from Wellington.

The company was gradually and painfully becoming acquainted with the 44 Acts of Parliament that applied to their project.

The students decided to package their own products.

They rented the home science room and weighing

equipment after notifying the City Council as required.

"Production proceeded smoothly apart from the anxious moments when Glaxo were unable to obtain banana flavouring from the local distributors. The problem was soon satisfactorily resolved and supplies of flavouring were air freighted from Sweden." Crisis over.

As sales were made direct to retailers, it was necessary to design an accounting system that would cater for a credit orientated market but was easily adapted for cash sales.

The report of the managing director, Susan Grigor, states, *inter alia*: "Overall, our company has been a huge success. We did, of course, experience problems but looking back the programme would not have been as educational and rewarding without them."

Glaxo, which at various times supplied the services of seven advisors, filed a report from the factory manager, David Cunningham which recorded: The planning of their product and component requirements was excellent. The Achievers quickly appreciated the difficulties of forecasting lead times for materials and components. The design of their logos and labels was excellent and their criteria for decisions on product image and packaging were well thought out.

"During the course of the project the students learned much about business organisation and constraints such as time scale and cash flow.

"They learned first hand exactly how a business works. They learned a lot about their capabilities and limitations at a crucial stage in life. They developed skills in handling

government department red tape, human relations, manufacturing and selling. They had the chance to make new friends, explore job opportunities and develop their leadership potential. Students will leave school much better equipped for the real world."

Several factors made this exercise possible. The initiative of the Chambers of Commerce, the alert response to the opportunity by the College, the sympathetic and practical co-operation of Glaxo and the zest of the students who put their brains, effort and money behind the venture. In doing so, they experienced microcosm of the multiplex activities that go to make up business.

In their pilot role they have set a standard that the five schools participating in the scheme in 1981 will not find easy to emulate.

The one simple, sure way through the legislative jungle.



During the last 2½ years, The Capital Letter has become an indispensable guide and shortcut to legislative, administrative and judicial information for hundreds of business and professional people, government and local body officials, trade unionists and pressure groups.

The Capital Letter Service

An annual subscription to The Capital Letter provides subscribers weekly, in easy-to-read newsletter format - with vital up-to-the-minute information about new legislation, regulations, decisions emanating from Parliament, Cabinet, the judiciary and a range of quasi-judicial tribunals.

'Big Brother' watch in just 15 minutes

The Capital Letter's watching brief is the government, the judiciary and the bureaucracy. In concise, lucid paragraphs it summarizes all important developments as they are happening. Many new decisions are covered for the first time in The Capital Letter. Regular sections cover Statutory Regulations, The Courts, and Legislation. With The Capital Letter, one prominent lawyer said recently, "I no longer feel that I have to run faster and faster to keep up with legislative, regulatory and judicial developments."

Newsletters and Newsletters

The newsletter format is currently in vogue; many newsletters are patchwork quilts from other publications and books. The Capital Letter is unique, does not imitate and has no imitators. The Capital Letter is owned by Fourth Estate Periodicals and draws on sophisticated National Estate Periodicals and draws on sophisticated National Estate Periodicals and draws on sophisticated National Estate Periodicals. The Capital Letter is edited full-time by a highly qualified lawyer - Jack Hodder B.A., LL.B. (Hons) (V.I.W.) LL.M. (Lond).

Compare the do-it-yourself cost

It costs slightly more than a dollar a week (\$65 per annum) to subscribe to The Capital Letter with its invaluable, three quarterly and one annual, consolidated indexes (The Capital Letter is also tax deductible). Compare this with the cost of employing a highly trained lawyer to work full-time to produce the information The Capital Letter provides for your partnership, company, organisation.

The high cost of not knowing

The cost of being unaware of new regulations or a new statute may be high for the individual, company, local body or organisation whose interests are adversely affected - yet ignorance of the proliferating tangle of the law is no excuse.

THE CAPITAL LETTER

To subscribe to The Capital Letter, simply fill in and post the coupon below.

FOURTH ESTATE PERIODICALS, P.O. Box 9344 Wellington
(We would like to subscribe to The Capital Letter for 12 months. Annual subscription \$65.00 with quarterly and annual indexes.)

☐ I/we enclose \$65.00
☐ Please bill me/us
☐ Please charge the credit card indicated below

NAME (please print) _____
ADDRESS _____

Drivers Club Card No. _____
American Express Card No. _____
Visa Card No. _____
Bankcard No. _____

Empty date _____

REMEMBER: YOUR SUBSCRIPTION IS TAX DEDUCTIBLE

The Capital Letter

The authoritative weekly review of administration, legislation and law.

We have comfortable office accommodation available in Wellington & Auckland!!!

Fully carpeted, and finished office accommodation is available adjacent to our premises in Auckland and Wellington.

In each case, all amenities are available, good access, and early occupation can be arranged... and what's more, we're nice neighbours.

Auckland: 4th Floor, 156 Parnell Road. 600 - 800 sq ft, partly partitioned, some furniture available. Rental negotiable around \$4.50 per sq ft.

Wellington: 3rd Floor, Castrol House, 84 - 88 Dixon St. Approx 1800 sq ft; open plan office, meeting room, storage space as well. Goods lift. Rental negotiable around \$5.00 per sq ft.

Please contact: Neilson McCarthy & Partners, Auckland: telephone 775 779, Wellington: telephone 848 005

Sport

Time is running out for the wild places

IT is hard for me to go off trout fishing without experiencing a heightened sense of expectation, the feeling that the discoveries to be made will be with me for a lifetime, and that from time to time I shall allow them to spill from my mind in a flood of warm reminiscence.

The truth is I hoard my memories of the finer moments of days on the river, in the bush or on the mountains, the way Silas Marner hoarded his money.

But there the comparison ends; unlike the snivelling Silas, my treasures are not for gloating over, nor do they make me miserable. They are my pawns of praise to the wild places I love and which too few New Zealanders have yet to come to appreciate and respect. Time — precious indifferent time — is running out.

New Zealanders do not really know their wild places; they have heard about them. They are uneasy with the sounds of the wild; the song of the skeltering river, rasp of cicada, croak of frogs, rattle of scree and thump of falling rock, the near-sinister hiss of a darting wind skirling the snow. We want to tame the wild because we cannot bear the thought that it might be bigger than us, because we fear it.

So one of the things we do and puff about is build dams and stand back in pitiful triumph while we survey gross

concrete and steel creations. We claim that anything we do to the land is development when all we can do is alter and irrevocably change, usually in the pursuit of financial gain and greater comfort.

We will go ahead and dam most of our best remaining fishing rivers unless we recognise their social, recreational and spiritual values, and we will do this to supply power at absurdly low rates to multinational companies, and to ensure that an already pudgy race of people can sit in ever stuffer rooms nodding in front of colour tellyes.

A E Housman, that brooding melancholy poet, gleaned what solace he could from long walks over rolling hills and along country lanes. He knew that each of us, in the end, "wears the turning globe", and if he were alive today I am sure he would see that those who trumpet in the name of "development" and "progress" are too often bludgeoning a licence to do what they damned well please.

There comes a time to leave well alone. That time, as far as our wild rivers are concerned, has come.

Now all that, if you have got this far, is my kind of impassioned plea to those who couldn't care a damn about rivers and wild places to leave them for the thousands who do. If I am to become, once again,

Brian Turner gives a personal view of the sporting scene in this occasional column.



The land... there comes a time to leave well alone

unemployed, I would far rather it be in a country that has preserved its remaining native forests and wild rivers, than in one that had destroyed them as a result of a fixation about the need to provide more and more

material comforts. I am no crazed idealist. I like to be warm, to listen to records, to drink wine. We do not lack goodies, things that money can buy. I cannot believe that we have a right or a sound

reason to expect more.

Greed and need are antonyms and of the former we have a glut in New Zealand.

In his marvellous book *A Sandy County Almanac*, first published in 1949, the American Aldo Leopold wrote of man's need to accept a land ethic, to understand the land's intrinsic worth, how it sustains us and how without respect for it we can be nothing of consequence — except destroyers — to others or ourselves.

I do not think many people realise just how much the land around them shapes their attitudes and behaviour and in this regard I recall the words of the author Lawrence Durrell who, writing of landscape, wrote of his imagining the mountains saying to the people, "We are watching you, are you watching yourselves in us". Words to that effect, and words I have often recalled.

Recently Dave and Glenn and I spent a few days fishing a mountain river near Queenstown. It was glorious. The weather was kind, the river icy cold and clear, the fish absolute

suckers. Mostly rainbows of between three and six pounds, whenever we put a nymph or a dry fly near them they grabbed it.

It was exciting fishing, the sort guaranteed to encourage self-delusion.

Mayflies dithered above the green and silver river. There was sunlight, an occasional spatter of rain and the scent of fresh mint in the air.

Sweet briar and flowering gorse dotted the flats but the beech forest was cool and full of soft flickering light.

Only an angler knows the satisfaction of seeing the line straighten like an artery on the water, the excitement of watching the rainbows roll, their fins fluttering with the magic of being alive in the seething river.

Only an angler knows the warm glow, the momentary bond between fish and fisherman as the trout is held and then released to swim back to its life in the river, that melding of flesh and skin and scale and fin and gill and green and silver and crimson and violet colour we call rainbow trout.

Food industry

Sounding out possibilities for new markets

by Rae Mazengarb

STAGNATION in food consumption does not necessarily imply a static market.

Socio-economic factors such as housewives in the workforce, smaller families, concerns for health, nutrition, the advent of easy-to-prepare meals and the boom in eating out, have made the food market one of the most dynamic in the country, according to managing director of Heylen Research Centre (Wellington) Ken Fink-Jensen.

But it is a competitive business. And in today's marketing climate it is not easy for manufacturers to identify changing consumer patterns and beat their competitors to new opportunities.

To assist food product manufacturers in their search for sound opportunities in new markets or market segments — and reduce the possibility of miscalculating the risks involved — Heylen and Wellington-based Marketing and Business Management are about to embark on a joint study of food consumption.

The four-member group will go into the field in February to pin-point and analyse all the factors which influence consumption patterns.

Covering 10 major product groups — meat, dairy, snack foods, fruit, vegetables, cereals, sauces, prepared meals, desserts and beverages — covering 25-30 markets, the multi client study is structured:

- To identify socio-economic and environmental factors which influence consumption;
- Determine how particular consumer segments respond, positively or negatively, to these changing factors;
- Determine the types of food and the manner in which it

is consumed within each consumer segment;

- To determine how the consumer response to changing socio-economic and environmental factors influence the types of food and patterns of consumption.

"It's a planning document, rather than another research document," said MBM's managing director Kelvin Willis. It will be looking at growth segments in what has been regarded as a stagnant business, he said. Clients will then be able to predict opportunity areas for investment and growth.

The cost to each participating client is about \$3500. Actual costs will be determined by the specific requests of the companies. For example, if a client is contemplating diversification into another product group, it can obtain the extra data required for an extra \$1500.

Heylen and MBM say the study has already generated a great deal of interest from food manufacturing, packaging companies and other related groups.

Willis said multi client studies had a number of obvious benefits. A wide range of participants could run an expensive and costly study at a very low individual cost. It offered a high degree of flexibility in the nature and format of specific data to be extracted.

The study will progress in two stages. The first report — due in March 1981 — will be an overview of the market structure, and will enable clients to make informed decisions on the specific nature of the data required for the second report.

The second group of reports — presented on an individual basis — are expected to start in April, Willis said, although they depend on how quickly the study group received

clients' instructions. Clients will be able to choose the required method of extraction of data from three alternatives:

- By consumer segment (to determine the relationship of a particular type of consumer to a particular product range);
- By product group;
- By consumption occasion (to determine new product opportunities — for example, in breakfast foods).

"THE DUKE" of Wellington

A prominent City Landmark being a newly completed pedestrian Arcade and Shopping Complex located in the heart of the City's "Golden Mile". Corner Willis and Manners Streets, Wellington. Let to a specially selected list of retail outlets and including a Banking Chamber and Restaurant.



THE BUILDING: Designed by Architects Warren & Mahoney of Christchurch comprises a curving Arcade between two of the City's principal shopping streets with shops and boutiques either side, and a fully licensed Restaurant and Bank Offices above.

MANAGEMENT: The property has been recently placed under new professional management, available to continue or step down as required.

THE LAND: Freehold Title. Zone Retail B1. Rents — \$191,000 (approx.) Rent Reviews between one and two years. Rates at tenants' expense.

A GILT EDGE CAPITAL CITY INVESTMENT Suitable private investment portfolio, pension funds etc.

Will be sold by PUBLIC AUCTION on Thursday 19 December at 11.00 a.m. at our rooms, 190 Lambton Quay, Wellington. Tel. 729-319. Full details from the Auctioneers.

NATHAN annual turnover exceeds \$40,000,000

Secrecy

'The currency of democracy' accruing to powerful

by Warren Berryman

WITH almost no Parliamentary debate, the notorious British Official Secrets Act was adopted intact and written into law here in 1951.

Spurred at the time of the waterfront strike and in an era of Red under the bed, the Cold War and McCarthyism, the Act was aimed at protecting us from espionage by real or imagined enemies.

But its most fundamental effect for 30 years has been to safeguard the executive from accountability. It shields corruption, lying, bribery and incompetence and protects the powerful from political embarrassment.

It makes a mockery of the principles on which democracy is based.

It denies freedom of speech to more than a quarter of our voting population — the civil servants. This vast body of citizens is prohibited from telling their employers what they know best — their jobs.

Consumer advocate Ralph Nader, pointing to the interrelationship between good government and a well informed voting public, describes information as "the currency of democracy".

The New Zealand Official Secrets Act, in those terms, ensures the concentration of wealth in the hands of Government Ministers and the bureaucracy.

It prohibits anyone bound by information — anything from the time on a departmental clock to defence secrets.

The giver and receiver of official information are liable for prosecution, even if events show that information to be a matter of great public interest, which in no way threatens our security.

A Government servant might expose corruption in a department, in true American "whistleblowing" fashion. His disclosures might lead to a much needed overhaul of the department's procedures.

He can still be prosecuted. His crime: embarrassing the Government for the public benefit.

Our official Secrets Act has yet to snare its first foreign spy.

This country has never been, and is unlikely to become, a world economic or military power.

Labour MP Richard Prebble argues that the Act "certainly cannot be justified on the basis of security. It is a pernicious anti-democratic measure which enables politicians who are elected and supposed to be accountable to the people not to account".

National MP Mike Minogue has made the same point. So have a host of lawyers, civil libertarians, environmentalists and concerned citizens.

The Official Secrets Act remains on the books, convenient cudgel for any aspiring

dictator to wield against his detractors.

For trying to catch real spies, the Official Secrets Act is redundant. The Crimes Act of 1961, in Sections 73, 76, 78 and 85, amply provides for dealing with treason, sedition, the communication of official secrets and espionage.

The Official Secrets Act obviously remains to protect elected governments from domestic prying into the calibre of their administration by those to whom they are accountable.

Section 6 of the Official Secrets Act, which makes it an offence for public servants to make unauthorised disclosure of information gathered in the course of their employment, makes no distinction about the kind of information that must not be disclosed.

This blanket muzzling power is not the only defect. The Act deprives those accused of the benefit of doubt; it places on them the onus of proving their innocence, rather than requiring the prosecution to prove their guilt. Thus it violates a fundamental principle of British justice.

Prosecutions are rare. But if the law was not breached every day, newspapers would have little editorial material to hold the ads apart, backbench MPs and Opposition members would have little to contribute to Parliamentary debate, and the voting public would have to rely solely on political propaganda.

Even new Cabinet Ministers would be ushered to their offices in a state of ignorance by departmental heads whose knowledge of dealings by past administrations could be imparted to them or withheld depending on the civil servants' personal proclivities.

A new Cabinet Minister can request — even demand — information, if he knows it exists. But information as to what information does exist in departmental files can easily be withheld.

Virtually every senior journalist is a criminal under the Official Secrets Act for receiving information from civil servants who are also criminals under the Act.

Every businessman who gains official information from a civil servant over an expensive account lunch is a criminal. So, too, are MPs who become informed through informal contacts with civil servants.

A Government which decided it must do so could prosecute and jail all of them.

Governments so far have not done that, and one might argue that there is no danger from laws such as the Official Secrets Act, which are wide and uncertain in scope, so long as we have trusted people deciding who to prosecute and who to let off.

But democracy, in encouraging scrutiny and the franchise, was founded on a mistrust — not trust — of power, and its exercise.

The arbitrary power granted by the Official Secrets Act amounts to government by arbitrary decree.

The continuation of Anglo-Saxon civil liberties rests on the assumption that the Attorney-General, although a member of Government, will keep questions of politics out of his considerations when deciding to prosecute.

Supposing such a paragon of impartiality exists the public would question that he was unbiased and public suspicion would undermine the Government's authority if a prosecution was brought under the Act.

A BRITISH precedent shows how the Official Secrets Act can be used to muzzle the press.

In 1932, a 68-year-old clerk, working for a Probate Registry, gave a journalist details of wills before they were officially released. The journalist used the information to scoop opposition papers by one morning.

The clerk and the journalist were tried and convicted. The clerk was sacked and jailed for six weeks. The journalist was jailed for two months.

The Act provides for sentences of up to 14 years in jail. But traditional safeguards — such as a right to silence and the right to have the prosecution

prove its case beyond reasonable doubt (which are available to murder suspects) — are denied to those accused of leaking or receiving official information.

Many of the offences under the Act require proof that the accused was acting for a purpose "prejudicial to the interests of the State".

Courts have held that the Government's word must be final on defining the interests of the State.

The fact that there have been few prosecutions under the Act is irrelevant. The threat of possible prosecution has been enough to stifle informed debate.

The Act has prevented economic and scientific experts employed by Government from speaking out, denying key information to public, and Parliamentary debate.

It has shielded corruption and incompetence.

It has been used as justification for sacking civil servants who were suspected of leaking information to the press on such slender grounds as that the civil servant was known to be friendly with a journalist — guilty by association.

The Act not only shields Government from scrutiny. It often makes Government appear ridiculous.

News Flash to Small Business Managers

The A.D.E. North Star Horizon Micro Computer System is Here

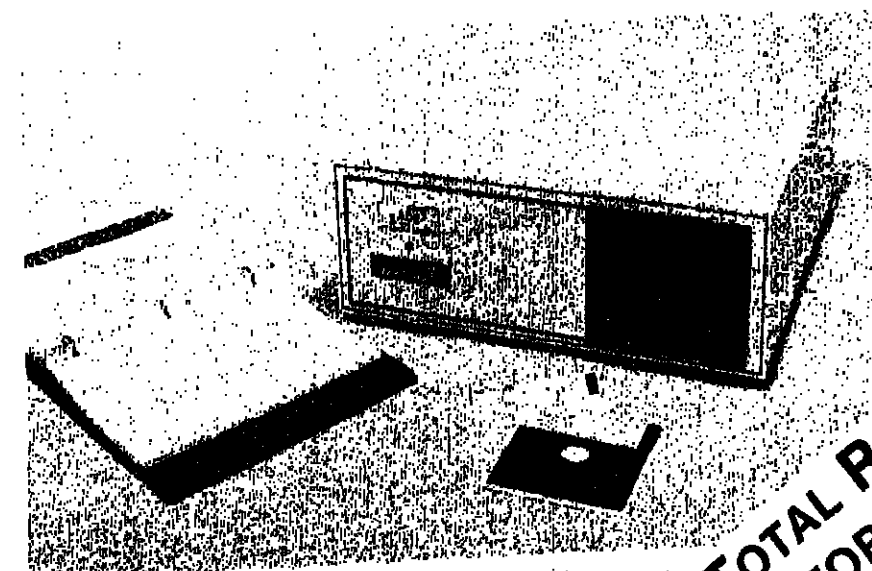
Benchmark test ACU(US) described as "nothing short of astounding".

Now With

Complete Turnkey System

- Accounts Receivable
- Accounts Payable
- Stock Control
- General Ledger
- Utilities
- Payroll

From Only \$9950.00 (plus tax)



Available Now — Good Deliveries
Call Now To Arrange A Demonstration

Also available now ex stock
ML 80 • OKI DP300 LPM Printer • QUME Letter Printer •
• Teletay 32 Programmable Functions • Televideo • Sendata Acoustic Coupler

ANDERSON DIGITAL ELECTRONICS (NZ) LTD.

WELLINGTON TELEPHONE 683-008
P.O. BOX 30-511, LOWER HUTT

AUCKLAND TELEPHONE 663-833
P.O. BOX 13-111, ONEHUNGA

CHRISTCHURCH TELEPHONE 43-001
P.O. BOX 25-104, CHRISTCHURCH

TOTAL REAL-TIME ACCOUNTING FOR Northstar HORIZON



How to save two precious hours every working day.

The saving of two precious hours every working day is what Dr. Alec Mackenzie, a world authority on time management, promises executives, managers and administrators attending his Time Management Seminars.

Dr. Mackenzie, who has lectured on time management in 30 countries, will be presenting two seminars in New Zealand in February 1981.

As Dr. Mackenzie says in his book *The Time Trap*: "Time is a unique resource. It cannot be accumulated like money or stockpiled like raw materials. We are forced to spend it, whether we choose to or not, and at a fixed rate of 60 seconds every minute. It cannot be turned on and off like a machine or replaced like a man. It is irreplaceable."

In his personally conducted seminars, Dr. Mackenzie analyses the most persistent time-wasters among managers and administrators and provides practical and tested solutions to problems that seriously impair executive effectiveness.

These two unique, one-day management seminars, sponsored by National Business Review in association with Qantas and Paddy Gullford, will be held in Auckland on February 2 and in Wellington on February 5.

Post the coupon below for a leaflet with full details about the Mackenzie Time Management Seminars. The Mackenzie Time Management Seminars... sponsored by National Business Review in association with Qantas and Paddy Gullford Insurances

Mackenzie Time Management Seminar,
P.O. Box 10230, Wellington.
Please send me/us more details about the Mackenzie Time Management Seminars.

NAME _____
ADDRESS _____

Plastics

Long-life PVC film

AN improved PVC growing house film, with a life expectancy said to be 85 per cent greater than existing films, has been released onto the market by Auckland-based Fletcher Nylex Ltd.

Accelerated weathering tests conducted by the company are reported to show that, when properly used, the new film should have a useful life of at least six years.

The material is specifically designed to withstand this country's extremes of climate and resist bacterial attack.

The new Nylex growing house film was launched 12 years after an approach by Hawkes Bay nurseryman, John Anderson, who was seeking a tough long-life plastic alternative to conventional glass-houses. The new film is a result of a continuing Nylex/Anderson association.

Andersons have worked closely with Nylex on the development of the PVC film. The film has had trials in tunnel-houses and other constructions protecting indoor plants and propagation facilities.

The growing house film has been shown to reduce heating costs by providing greater efficiency in thermal insulation. The flexibility of the film allows it to be built into an efficient thermal envelope.

The film is lighter than glass and carries less risk of damage. It can be high frequency welded into sheets of any size. It is less expensive than glass and Nylex maintains the reduction in heat loss means a significant increase in production efficiency which contributes to an earlier harvest and greater yield.

Green fish quality kept

THE export fishing industry is becoming increasingly dependent on foam polystyrene fish boxes to ensure green fish reach lucrative overseas markets in top condition.

According to manager of Auckland's Barnes Plastics, Richard Purchase, the foam boxes are an essential part of the fish export programme for several New Zealand exporters.

"It is critical that the fish are kept at a constant temperature all the way to the marketplace and that they are protected from bruising in transit. The foam boxes we supply to the fishing industry fulfill both criteria," he said.

Last year Barnes Plastics supplied foam boxes for more than four and a half tonnes of green fish airfreighted out of the country to markets in Greece, Japan, Australia, the United States, Hong Kong, Singapore and European destinations.

In volume terms the shipments were relatively small but the value placed on them was in excess of \$16 million.

The polystyrene boxes, supplied by Barnes Plastics, insulate the wet fish from temperature variations during the long flights to international fish markets.

Purchase said wet fish was usually airfreighted overseas to ensure it did not spoil and reached markets in prime condition.

In most cases, fish are being sold a little over 40 hours after they have left New Zealand, he maintained.

Purchase said local fabrics-



Export fish ... packed in polystyrene

tion of the foam fish boxes is an example of how the plastics industry here can give added value to imports and how it

makes a considerable contribution to an increasingly important export industry. The raw material for the

foam boxes is imported from Australia. In its raw state it has the appearance of sugar.

In the first stage of the manufacturing process, the raw material is heat expanded with steam. At that point the density of the final product is determined.

The foam boxes are moulded in cast aluminium dies into which the pre-expanded bead is forced by air. Steam is passed through the dies and the material and the bead further expands and fuses. Water is then sprayed onto the die surfaces to stabilise the moulding and to complete the process.

Purchase said that before the fish is packed into the foam

boxes it is pre-packed into plastic bags and iced. A container load of boxes is sealed in a large outer plastic bag, to ensure no leakage. Fish juice is corrosive, and airlines take no risk of leakage occurring.

The presentation of fish, particularly at auctions in Japan, determines the price received.

New material for low cost

A NEW high-performance thermoplastics material, is now being marketed here by Addington Engineering Co Ltd. The material - Nylatron

NSB, is made by the Polymers Corporation in the United States and is available as a moulding resin for low cost quantity production or in standard mill shapes for fabricating.

Addington Engineering plastics engineer, Ed Hall, said the material has been proved to have a better wear resistance in bearing applications than other premium non-metallic bearing materials.

He said tests had shown that Nylatron out-wears PTFE loaded acetals by a ratio of more than 2:1, and it maintains its type of performance. Able to accept generally higher bearing loads, make it an ideal

substitute material for manufacturing bushings, wear plates, thrust bearings and the like.

Hall said Nylatron NSB had a specific application as a bearing material in the food and materials handling industries where lubrication was prohibited because of the possibilities of contamination.

The thermoplastics material is self-lubricating and corrosion resistant he said.

Du Pont doubles strength

THE Du Pont Company has introduced a glass-reinforced

nylon, said to have more than double the strength of standard glass-reinforced nylons.

"Zytel" 80G-33, a super-tough nylon reinforced with 33 per cent glass fibres, was formulated for application requiring a higher degree of impact strength than is provided by standard reinforced grades. The Ozal impact strength is 4.1 foot-pounds per inch for the new nylon, compared with 2.0 foot-pounds per inch for standard grades.

Heat stabilised for use at elevated temperatures and in paint ovens, "Zytel" 80G-33 is also available in a foamed version. Other expected applications are for wheels, chain saw

housings, sporting goods and under-the-hood automotive components.

Electrical merger moves

THE directors of James Hardie & Coy Pty Ltd will acquire the domestic and industrial electrical accessory manufacturing operation, Falcon Plastics Limited, from the Felrex subsidiary, Consolidated Plastics Ltd, subject to Government approval.

The purchase is in line with moves into the electrical industry by the Australian parent company, James Hardie Industries. A James Hardie sub-

sidary, Hardie Trading, recently acquired the Ring Grip Electrical and Plastics Electrical operations in Australia.

The company says acquisition of Falcon Plastics will facilitate the expansion of New Zealand activity in Australia, taking advantage of the improving climate for trans-Tasman trade as outlined in recent policy statements by the two governments.

Packaging for PNG

AGAINST strong international competition, Christi-

church-based Mainguard Packaging Ltd has won two major export orders in Papua-New Guinea and an order for packaging export apples.

The Papua-New Guinea orders involve a total of 1.8 million plastic planter bags. The first is a three-year contract from the Government involving 580,000 bags; the second is from a private company for another 500,000.

The black plastic planter bags will be used for cocoa plants.

The export apple contract is for the supply of about 1.5 million plastic liners for export cartons of apples packed by the

Apple and Pear Marketing Board.

The liners were developed by Mainguard to board specification, which require a controlled atmosphere to ensure the apples arrive in the best possible condition overseas.

Trade stats for guidelines

PLASTICS trade across the Tasman is worth more than \$15 million a year to both countries, representatives at the first round of plastics industry-to-industry talks were told. Last year we exported about \$11 million worth of finished plastics products to Australia and about \$4 million worth of specialist raw materials.

During that period, we imported more than \$11 million worth of plastics raw materials from Australia and some finished products.

PINZ executive director Bruce Dunlop said that the establishment of firm statistics on the trading position between the two countries was the first step towards establishing guidelines for a possible increased expansion of the trans-Tasman plastics trade.

The meeting with Plastics Institute of Australia industry affairs director Mike Muschamp and Australian Chemical Industry Council representative Bill Freeman highlighted the general concerns by the plastics industries in both countries about the implications of closer economic ties.

Guidelines for discussion had been set and the industry groups could expect to begin to "tackle common problems head-on" at the next industry-to-industry meeting in Melbourne early next year, Dunlop said.

Both plastics organisations had agreed there was common ground for discussion because of the need to ensure that the industry, not government officials, had control over its development, he said.

The Australian industry's main concern was based on this country's ability to source raw materials world-wide at the best price.

Australian plastics processors are locked into the Australian petro-chemical industry.

"If New Zealand lost its world-wide sourcing ability and was still faced with excessive transport charges and a possible reduction in import protection, it would become totally uncompetitive with Australian processors," Dunlop said.

Under the terms of the current proposal for Closer Economic Relationship with Australia (CER), Australia would not permit the industry here to retain access to world-parity-priced raw materials where these were to be used in the production of export goods to Australia.

In the Australian view, world parity prices for raw materials equated with a "dumped" price.

Dunlop said it has been agreed that this was clearly against the intention of the CER agreement and the respective industries should quickly try to remedy the situation.

Such a policy would result in a loss of markets in the plastics industry to third countries and a serious reduction in the volume of trans-Tasman trade.

Du Pont... making things better with high performance engineering plastics

Acetal resins
Paint sprayer with molded plastic parts of DELRIN is lighter and less expensive than comparable metal gun.

Acetal resins
This tractor hood extension, molded of ZYTEL ST was chosen over other thermoplastics because of its exceptional resistance to impacts, solvents and farm chemicals.

Nylon resins
Multifunction capabilities of ZYTEL nylon resins reduce number of parts and simplify assembly in this industrial electrical plug.

Engineering thermoplastic
A new modular instrument cluster housing for tractors, molded of MINLON 10B-40, offers compactness, easy accessibility and helped reduce assembly costs.

Thermoplastic polyester
RYNITE is Du Pont's newest engineering plastic. Far from being just another thermoplastic polyester, RYNITE offers significant advantages over other types of glass reinforced thermoplastic polyesters and is already finding use in many demanding applications.

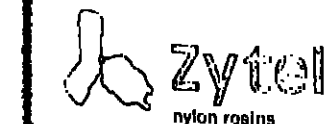
Glass reinforced ZYTEL nylon
Glass reinforced ZYTEL nylon resin replaced die-cast zinc in this steering column housing with reductions of 72% in weight and 30% in cost.

Glass reinforced ZYTEL nylon
The addition of glass fibers endows Du Pont's glass reinforced ZYTEL nylon with mechanical and chemical properties and dimensional stability that puts it in a class by itself. Its extra strength and stiffness make it an ideal candidate for replacing many metals in a wide variety of applications. For example, GRZ replaced die-cast metal in the propeller of an outboard motor for small boats. It reduced weight by 50% and virtually eliminated costly finishing operations.

Du Pont produces a wide variety of dependable engineering plastics that are helping manufacturers all over the world to replace metals with significant benefits in improved product performance, reduced weight and lower part and assembly costs. The outstanding properties of these Du Pont engineering plastics and a few typical end-use applications are presented on these pages.



Du Pont DELRIN was the first engineering thermoplastic to offer design engineers realistic opportunities to replace metals on any widespread and continuing basis. Its dimensional stability makes possible accurate predictions of long-term performance under a wide range of environmental conditions. DELRIN is inherently tough and strong, and its natural stiffness needs no reinforcement. Other desirable properties include abrasion resistance, creep resistance, low friction and wear and excellent resistance to organic compounds.



ZYTEL nylon is one of the oldest of Du Pont's engineering plastics, but, far from being the elder statesman, it is still vigorous and still growing. The standard ZYTEL nylon is widely known for its outstanding mechanical properties, including toughness, low friction, abrasion and wear resistance. The basic nylon resin has been modified to meet new and more demanding design requirements of customers. Two major modifications are discussed here.



The addition of glass fibers endows Du Pont's glass reinforced ZYTEL nylon with mechanical and chemical properties and dimensional stability that puts it in a class by itself. Its extra strength and stiffness make it an ideal candidate for replacing many metals in a wide variety of applications. For example, GRZ replaced die-cast metal in the propeller of an outboard motor for small boats. It reduced weight by 50% and virtually eliminated costly finishing operations.

DU PONT ENGINEERING PLASTICS



Du Pont ZYTEL ST is the world's toughest engineering plastic, based upon ASTM Charpy and Izod impact tests and on the solvent resistance of commercially available plastics. It is insensitive to notching, unlike most other engineering thermoplastics, and it retains its impact strength at low temperatures and in dry conditions. ZYTEL ST has an inherent resistance to oils, greases and solvents. Thus, it offers a high degree of confidence when designing parts with intricate shapes, varying thicknesses, sharp corners and parts that must withstand abuse.



MINLON resins are mineral-reinforced engineering thermoplastics that are noted for their low warpage and high temperature resistance. Best of all, they are price competitive with sheet molding compounds and die-cast metals. MINLON resins offer designers strength, stiffness and resistance to a wide variety of solvents and chemicals. They speed production with fast-cycling characteristics and easy mold release. Colors can be molded in or baked on without distortion.



RYNITE, Du Pont's newest engineering plastic is a product of proprietary technology and offers significant advantages over other types of glass reinforced thermoplastic polyester. New RYNITE 545 offers stiffness unsurpassed by other commercial thermoplastics at similar glass loadings. RYNITE resins have outstanding mechanical strength and stiffness, high heat deflection temperature, low moisture absorption and excellent creep resistance. In RYNITE you have an ideal design candidate for automotive electrical and mechanical components, gears, housings, frames, appliance handles and bases.

Technical Assistance

Du Pont is world famous for its technical know-how in the field of engineering plastics, as well as its marketing and developmental expertise. This extensive technological foundation supports the service provided by experienced personnel in Du Pont sales offices around the world. If you are considering a switch from metal to plastic parts, call Du Pont first and discuss your needs with your local representative for Du Pont Engineering Plastics.

MAIL THIS COUPON
To Polymer Products Department,
Du Pont (New Zealand) Limited,
PO Box 677, Auckland,
Phone: 798-128.

NAME

POSITION

COMPANY

ADDRESS

PHONE

Securitibank salvage honours secured creditors

by Jack Hodder

THE latest round in the legal contest over rights to the debris from the Securitibank collapse has resulted in a victory for conventional commercial wisdom and the rights of secured creditors.

Mr Justice Barker gave his 21st judgment on applications for instructions by the liquidator of Securitibank last week in the Auckland High Court. The major question decided was the entitlement of certain secured creditors to interest beyond the date of liquidation in terms of their securities.

That question was one of general importance. There is a bit of involuntary liquidation about and the ruling is applicable to all creditors in any bankruptcy or liquidation. Interest on secured debts is now confirmed as ranking ahead of

the capital claims of unsecured creditors (such as trade creditors and shareholders) in the priority of distribution of the available assets of the debtor.

It had been clear that unsecured creditors could not include a claim for interest beyond the date of adjudication in their proof of debt. The point is established by statute but the underlying reason is that all rights of creditors crystallise at the moment that the bankruptcy or liquidation commences. If creditors are lucky there may be funds to pay them interest on their debt under the Judicature Act. More often, of course, they will be lucky to retrieve the bulk of the capital debt.

On the other hand, it had long been the conventional commercial wisdom that a secured creditor who chose not to file a proof of debt but stood apart from the liquidation

proceedings was in a different position. Such creditors were assumed to be entitled to interest on their interest-bearing securities until the date of actual repayment. There was not a great deal of written authority for this attitude but it now has a new stamp of approval from the High Court.

The argument for the liquidator sought to include all creditors, regardless of their security, within the rule that all rights are stayed as at the time of bankruptcy or liquidation and converted into rights to share in the distribution of the realised assets of the debtor. Interest on those rights would only be available under the Judicature Act (on the same basis as for any judgment debt).

That argument had a public policy aspect to support it; that all creditors should be placed on an equal footing. The force of this is evident from the



Justice Barker... stayed inside conventional wisdom.

Securitibank mess itself. The liquidation is a long and complex affair and the longer it proceeds, with interest accruing on behalf of secured creditors, the less there will be for the unsecured creditors.

But the argument had to yield to the "fact of life" that

secured creditors would not lend unless they received priority in any winding-up and to the finding that the Insolvency Act recognises the right of the secured creditor to stand aloof from the bankruptcy or liquidation and to enforce his rights (including that to interest) in terms of his contract with the debtor (if he can).

Thus the secured creditor has the right to choose. If his security is inadequate, he may value it and file a proof of debt in the bankruptcy or liquidation. He will then lose his entitlement to post-adjudication interest. But, if the security is adequate, he need have nothing to do with the winding-up and may apply the funds he realises to interest and capital as he thinks fit.

Mr Justice Barker recognised that there was much logic in the liquidator's argument. But the law is a discipline more influenced by history than logic and reform will have to be effected by legislation.

The chances of such reform in the near future are dim. Our company law and insolvency legislation is still closely related to English prototypes. The English law in this area is currently under scrutiny by the

Cork Committee on Insolvency Law Reform. A report is expected later this year. Legislation may follow in England in year or two.

And then, if patent and company law provide a guide, several years after this, this country will get its own committee to review insolvency law.

A second important point on which arguments for the liquidator were not accepted: Mr Justice Barker concerned interest payable on deposits "in call" with Securitibank Ltd, a Securitibank related company which may prove to have a surplus of assets over liabilities. It was argued for the liquidator that the commencement of the winding-up legally terminated the debtor/creditor relationship between the company and "a call" depositors and thus entitled them from interest thereafter. The judge disagreed and the depositors doubtless breathed a sigh of relief.

Meanwhile, the main Securitibank bout, the liquidator's promised proceedings against the institutional shareholders, remains some distance away.

Banking free trade zones

THE Federal Reserve Board — which directs the United States Central Bank — has tentatively approved the establishment of free trade "zones" within the United States for international banking activities.

The move would make United States banks more competitive with banks in other countries by permitting them to conduct international business free of interest rate controls and reserve requirements.

The proposal is open for public comment for 30 days,

and would not go into effect until October 1, 1981.

In anticipation, the New York State Legislature, in 1978, passed a law that would exempt such international banking facilities from state and city taxes.

The main reason for the year-long delay in putting the proposal into effect is to give other states time to enact similar legislation and permit them to compete with New York in attracting such business.

ANDERSON DIGITAL ELECTRONICS

NATIONWIDE SERVICE

Auckland 893-552 Wellington 893-008 Christchurch 43-001

THE COMPUTER EQUIPMENT SPECIALISTS

TRANZPACIFIC

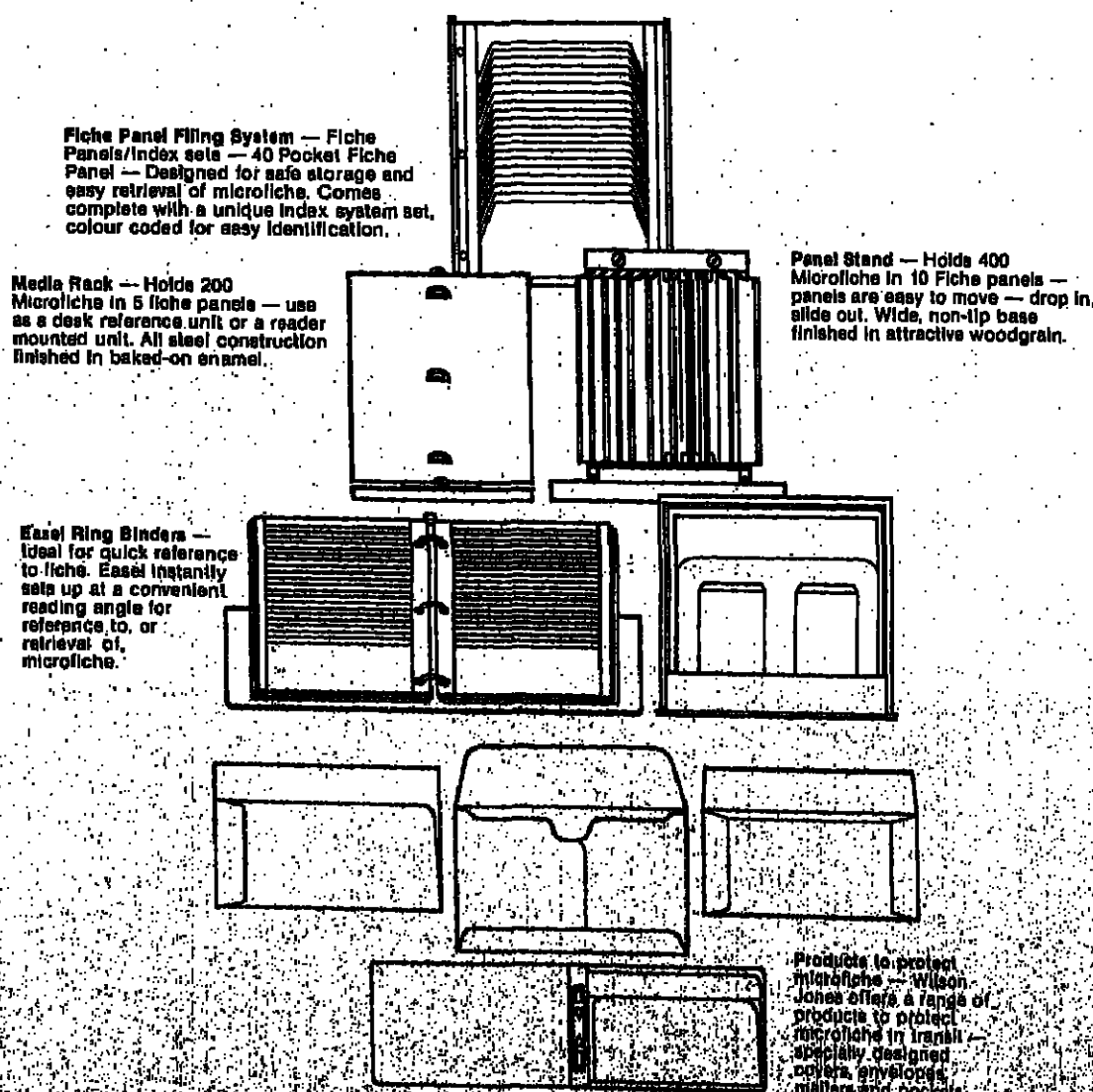
Keep things moving with Transpacific!

Regular Container Services

AUCKLAND: 734-8888 WELLINGTON: 734-8888 CHRISTCHURCH: 734-8888 DUNEDIN: 734-8888

Now available in New Zealand

Microfiche and magnetic media storage and retrieval systems



Fiche Panel Filing System — Fiche Panels/Indexes are — 40 Pocket Fiche Panel — Designed for safe storage and easy retrieval of microfiche. Comes complete with a unique index system set, colour coded for easy identification.

Media Rack — Holds 200 Microfiche in 8 fiche panels — use as a desk reference unit or a reader mounted unit. All steel construction finished in baked-on enamel.

Easy Ring Binders — Ideal for quick reference to microfiche. Easy instantly sets up at a convenient reading angle for reference to, or retrieval of, microfiche.

Panel Stand — Holds 400 Microfiche in 10 fiche panels — panels are easy to move — drop in, slide out. Wide, non-tip base finished in attractive woodgrain.

Products to protect microfiche — Wilson Jones offers a range of products to protect microfiche in transit — against dust, moisture, scratches, fingerprints, and other damage.

Data Storage Ltd

Cawthron caps off the decision to go commercial

by William Hobbs

THE commercial arm of the Cawthron Institute, the Cawthron Technical Group, has been set up to work on a United Nations-funded development programme in central America.

The contract, a joint venture with the New Zealand Business and Economic Development Board, was awarded to the Cawthron Institute's trustees by the Ministry of Works on the Clutha hydro scheme.

The particular field of expertise in environmental reporting that the CTG has developed is hardly surprising, given Bamford's background as a former special projects officer with the commission and, from 1973 until he joined the CTG, as assistant commissioner for the environment.

He says the CTG would welcome an opportunity to get into the business of environmental reporting internationally, but like other international contracts, this is hard work to obtain.

The Cawthron first made a serious attempt to get into the international consultancy business three years ago, when the institute's director, Dr Royd Thornton, toured extensively overseas, talking to such organisations as the World Bank and the FAO to try to sell them the organisation's services.

He found that most of the work being done for the major aid agencies was being handled by a closed shop of consultants who were getting jobs on the strength of their track record.

The jobs they got this way were then added to their record, securing further jobs for them — and so on.

Eventually the Cawthron was given an assignment in the Cook Islands, where the CTG has been involved in a fishing study and an economic, technical and marketing investigation of existing crops and potential new high value crops for export on behalf of the Cook Islands Government.

The group has also done a study of the possible supply of out-of-season fruit and vegetables from the Cooks for a New Zealand supermarket chain.

It achieved this first break into international, or semi-international, consultancy through Bamford making personal contact with the Cooks' Premier, Dr Tom Davis, and

chemicals, pharmaceuticals, and foodstuffs.

The CTG's consultancy section under the management of Dr John Bamford has become one of the country's main environmental reporting agencies, undertaking such projects as the preparation of environmental impact reports on the Turoa skidfield development, Winstone-Samsung's Karioi pulp mill and the proposed Nelson pulp mill, as well as a social impact report for the Ministry of Works on the Clutha hydro scheme.

The particular field of expertise in environmental reporting that the CTG has developed is hardly surprising, given Bamford's background as a former special projects officer with the commission and, from 1973 until he joined the CTG, as assistant commissioner for the environment.

He says the CTG would welcome an opportunity to get into the business of environmental reporting internationally, but like other international contracts, this is hard work to obtain.

The Cawthron first made a serious attempt to get into the international consultancy business three years ago, when the institute's director, Dr Royd Thornton, toured extensively overseas, talking to such organisations as the World Bank and the FAO to try to sell them the organisation's services.

He found that most of the work being done for the major aid agencies was being handled by a closed shop of consultants who were getting jobs on the strength of their track record.

The jobs they got this way were then added to their record, securing further jobs for them — and so on.

Eventually the Cawthron was given an assignment in the Cook Islands, where the CTG has been involved in a fishing study and an economic, technical and marketing investigation of existing crops and potential new high value crops for export on behalf of the Cook Islands Government.

The group has also done a study of the possible supply of out-of-season fruit and vegetables from the Cooks for a New Zealand supermarket chain.

It achieved this first break into international, or semi-international, consultancy through Bamford making personal contact with the Cooks' Premier, Dr Tom Davis, and

chemicals, pharmaceuticals, and foodstuffs.

The CTG's consultancy section under the management of Dr John Bamford has become one of the country's main environmental reporting agencies, undertaking such projects as the preparation of environmental impact reports on the Turoa skidfield development, Winstone-Samsung's Karioi pulp mill and the proposed Nelson pulp mill, as well as a social impact report for the Ministry of Works on the Clutha hydro scheme.

selling him the Cawthron's expertise when the two of them were staying at the same hotel.

Since then, in conjunction with Barr, Burgess Management Consultants, the CTG has prepared a study for the Solomon Islands on their tuna fishery and its prospects, and has won a contract of its own to evaluate and provide design specifications for an apple juicing plant in northern India.

The group's local commissions have included a feasibility study for a kiwifruit industry in Karaman, alternative crop studies, management planning and feasibility studies in forestry, quarrying and mining assessments and a number of fisheries projects.

To get the range of expertise needed to tender successfully

for such jobs, the CTG has formed close ties with other specialist consultancy groups in the country and this wider organisation is known as Cawthron Technical Group Associates. It includes the Berl Consulting Group for business and economic management, Steven, Fitzmaurice and Partners for civil engineering, Applied Geology Associates for exploration, and Canterbury University's estuarine research unit for marine ecology.

There are more, and the CTG calls on other specialist organisations on an *ad hoc* basis to contribute expertise in particular projects.

It is the ability of the CTG to offer not only its own skills, but also those of a wide range of others, which gives it com-

mercial strength, Bamford says.

There is just no room for individual entrepreneurs in this type of consultancy work because of the need to be able to ensure continuity and responsibility in any project, he says.

The CTG points to the long-standing reputation of its parent, the Cawthron Institute, with its scientific ethics of objectivity, precision and impartiality as a surety for its own performance.

The parent body does have one disadvantage for the CTG, however, in that its receipt of government grant money has led the organisation open to accusations from competitors in the consultancy field that it is being unfairly subsidised.

Bamford strongly denies

this. He says the Cawthron Technical Group is and must be entirely self-supporting, and any government funding is purely for the costly and traditional scientific research work of the institute.

For the future, Bamford believes the way is opening up for New Zealand to get into the business world of social, environmental and commercial consultancy, just as our major consulting engineers have managed to go international in their field.

He says the range of skills needed is in New Zealand and only needs to be gathered together. But as adventure seeking stripplings have been told for centuries — competition out there in the world is tough.

Hong Kong motivates. Hong Kong rewards.



As an incentive or meeting destination, we have it all.

Hong Kong is decidedly unique, with a list of activities ranging from sumptuous Chinese cuisine of infinite variety, to famous duty-free shopping.

There are temples, shrines, and historical architecture; special orient theme parties and cultural events; visits to outer islands and even day trips into China.

Hong Kong, easily accessible and serviced by over 30 major airlines, costs far less to get to than you imagined.

Hong Kong prides itself on the experience and expertise of its many hotels, restaurants, tour operators and organisers, all geared to provide maximum satisfaction with special events tailored to meet your specific needs. Luxurious and distinctive, the growing number of hotels all offer impeccable service.

Incentive motivation: Hong Kong is unparalleled as an incentive destination. Just the mention of its name generates the enthusiasm and excitement that encourages and promotes greater productivity. What greater reward than the action, mystery and romance of this exotic Far Eastern city?

No city in the world is quite like Hong Kong in its visual appeal. Especially at night, when Hong Kong's famous lights come alive from the waterfront all the way to the top of Victoria Peak.

Successful meetings: The most energetic business centre in all of Asia, Hong Kong guarantees your success through supportive personnel and facilities. We're not called "The Boardroom of the Orient" for nothing. And those who come here will find the stimulation and enthusiasm of Hong Kong an exciting challenge.

And once here, neighbouring Asian countries and China itself are close at hand for pre and post tours.

The Hong Kong Tourist Association has the contacts and the experience to help you organize your meeting down to the last detail. You'll find our recently updated "Meeting Guide to Hong Kong" an invaluable tool to assist your planning.

For the Meeting Guide, Incentive Kit, and other information on what Hong Kong and the HKTA have to offer, just send us the coupon.

香港
HONGKONG



Incentive Guide to Hong Kong

To: Hong Kong Tourist Association, G/F General Buildings, 29-31 Shortland Street, P.O. Box 2120, Auckland.

Please send the following publication:
☐ Incentive Guide to Hong Kong
☐ Meeting Guide to Hong Kong

Name _____

Title _____

Company _____

Address _____

Management

The positive power of a deadline

By Alec Mackenzie
and Deanna R Scott

"THE deadline is tonight - tonight at midnight," said the accountant. "If it doesn't show today's postmark, it will be late and you'll have to pay a penalty."

For many families, filing their annual income tax returns, that warning has a familiar ring. At some time, every head of a household has heard the consequences of violating the deadline.

For some, it will be relatively meaningless. An executive chuckled, "Why, I've managed to mail my tax return on time."

only three times in my life... I'm not worried."

A 20-year-old, filing his first tax return, had trouble collecting all the information needed. He approached the deadline with visions of a jail sentence and concern that he would ever be able to explain it to his employer.

Whether our response is light-hearted or serious, we all live most of our lives under the shadow of deadlines.

Recall the first day of school and all the events which preceded it. Buying supplies, choosing the right clothes, wondering whether the kids accept you.

Then the morning of the first

DR Alex Mackenzie, a time management expert and author of the bestselling *The Time Trap*, is making a return visit next year to conduct two public seminars. Mackenzie, who visited the country earlier this year, is being sponsored by *National Business Review* in association with Qantas and Paddy Guldford Insurances.

day. The ringing of the school bell meant five minutes until you had to be in your seat.

The demand of deadlines went on: term papers had to be in on time; "If you're not in by 6 pm you'll go to bed without your supper"; "If you don't have the car back by 11 pm, no more car for you"; "If you don't have that lawn mowed Saturday morning, no football game for you".

It seems that childhood was a continuous series of experiences that programmed us all in to feeling that deadlines and threats were indivisible.

Most of us become nick-of-time experts.

Salespeople must deal with making appointments, keeping them, turning in weekly quotas and quarterly reports which will sooner or later determine whether they keep their jobs.

Nine-to-fivers must arrive at work in time and face the constant pressure of completing jobs on time, regardless of whether the deadlines set are reasonable.

The story of our lives is deadlines. At birth, the doctor has only seconds in which to spank us into breathing. When we die, the funeral director will set a deadline for the funeral.

In between, the sun rises and sets, we eat and breathe, and each of us conducts the major activities of our lives under the shadow of deadlines.

But people react differently to deadlines. The executive took a light-hearted view of the tax deadline, realising that the worst that could happen would be a minor fine. Life is too short to let deadlines dominate your life, he reasoned.

The 20-year-old was excessively anxious believing that the Government could do anything to him.

These contrasting views reflect a deeper contrast in views toward time and life itself. Attitudes vary from the few who insist on always being early to those who can not make anything on time.

Some plan their day to the minute; others leave it to chance, believing spontaneity is the only way to live.

Some set deadlines and religiously abide by them, punishing themselves if they fail to meet one deadline. Others refuse to wear a wristwatch so that they have no reminder of the constraints of time.

Some consciously defy deadlines, equating the violation of deadlines with an autonomous statement of independence.

William Emerson tried to typify this last group with whimsy in his article, "Punctuality is the Thief of Time". Being late, one time, may have saved his life. "There's no telling how many air crashes, train wrecks and shoot-outs I've missed by being late," he said.

Whether we honour or ignore them, most of us never think positively about deadlines. Instead, we think of the relentless pressures they cause, the ascending stress that approaching deadlines exert on us, and the sense of frustration and failure we experience by missing deadlines.

Examining the positive benefits of deadlines may help us reverse our thinking.

Deadlines can be viewed as a technique to enhance the management of our time and the quality of our lives as well as a means of reducing stress and tension at work and at home.

The "hidden agenda" in setting deadlines is the fact that you must think about what has to be done and how long it should take to set realistic deadlines.

Your goals must be clear for you to determine the course of action to follow... to determine what you must do and when you must do it.

Once the deadline is set for completion of a task, checkpoints can be set automatically for monitoring progress to ensure that you will meet the deadline. These steps - goals and objectives, priorities, deadlines and progress reports to ensure timely corrective action - are the heart of the planning process. Setting deadlines becomes an essential tool in planning your personal and your work life.

While deadlines are a powerful tool for getting things done in less time with less stress and tension, few are failures with their use.

List your goals and set priorities each day with deadlines for completing them. Use these deadlines to measure progress and to say "no" to interruptions for less important matters.

Set down your own deadlines when others don't. After receiving an assignment or a request, ask the latest deadline needed. Then set your own deadlines with a realistic cushion to allow for the unexpected, and honour it.

Request deadlines on everything given to others. Ask when a request can be met, then give on a deadline. Be sure it's realistic.

Stick to a job until you finish. Do not permit interruptions except for more important matters. Recognise that interruptions are the most serious enemy of deadlines. When interruptions are unavoidable, return to the task immediately after the interruption.

Remember, it takes five times as long to recover from most interruptions as it does to end them.

The sense of anxiety and frustration generated by uncompleted tasks and missed deadlines and checkpoints can be eliminated by setting

realistic deadlines and checkpoints.

When progress lags, it will be discovered at the next checkpoint so that corrective action can be taken to ensure completion of the task on time. The assurance reduces the likelihood of crises and decreases the worry, stress and tension which almost always accompany missed deadlines.

By doing what we should be, we satisfy an inner need to be effective, to make a contribution, to perform to the highest potential. Creating their daily "to do" list, the Paul Weatherburn Syndicate provided countless managers with a deeply satisfying sense of accomplishment and of discipline.

While deadlines are a powerful tool for getting things done in less time with less stress and tension, few are failures with their use.

List your goals and set priorities each day with deadlines for completing them. Use these deadlines to measure progress and to say "no" to interruptions for less important matters.

Set down your own deadlines when others don't. After receiving an assignment or a request, ask the latest deadline needed. Then set your own deadlines with a realistic cushion to allow for the unexpected, and honour it.

Request deadlines on everything given to others. Ask when a request can be met, then give on a deadline. Be sure it's realistic.

Stick to a job until you finish. Do not permit interruptions except for more important matters. Recognise that interruptions are the most serious enemy of deadlines. When interruptions are unavoidable, return to the task immediately after the interruption.

Remember, it takes five times as long to recover from most interruptions as it does to end them.

December 15, 1980

Business Management Game

Auckland team wins BMG final at second attempt

THE Auckland team, the Paul Weatherburn Syndicate, won the final of the International Management Game at its second attempt on December 5.

Last year the team (of Paul Weatherburn, financial controller, Namco Industries; John Freese, Auckland sales manager, Bechtel (NZ) Ltd; Ron Anderson, national supply manager, ice cream division, General Foods; Jim Kidd, general manager, Paperclips Ltd,) was just pipped at the post. This year it won ahead of the Ministry of Works team from Turangi by a comfortable margin of \$114,640.

The Paul Weatherburn Syndicate, Ministry of Works team from Turangi, Ministry of Transport team from Wellington and Dunedin team from the national accountancy practice of Gillfillan, Morris & Co, all received cheques from International Computers for \$400 in addition to each team member receiving engraved planner diaries and a year's

subscription to *National Business Review*.

As winner of the national final, the Paul Weatherburn team received a further cheque for \$800 plus copies of *Business Who's Who* from the BMG's co-sponsors, Fourth Estate Holdings Ltd.

The teams were given a tough set of economic conditions for the final by game administrator, Jane Thomas, and Michael Jameson, of ICL.

All teams started the game with excess production capacities and a hint to consider restructuring even though the market was reasonably buoyant. It was not too long before a mini-budget and export price restrictions caused the good profits of the early periods to turn into losses as the teams were forced to sell plant, drop prices, and lower margins. It was not until the restructuring effort as they went through a restructuring process and tried to maintain cash flow.

Until the end of Period 6, all teams made profits but over the last three decisions the problem

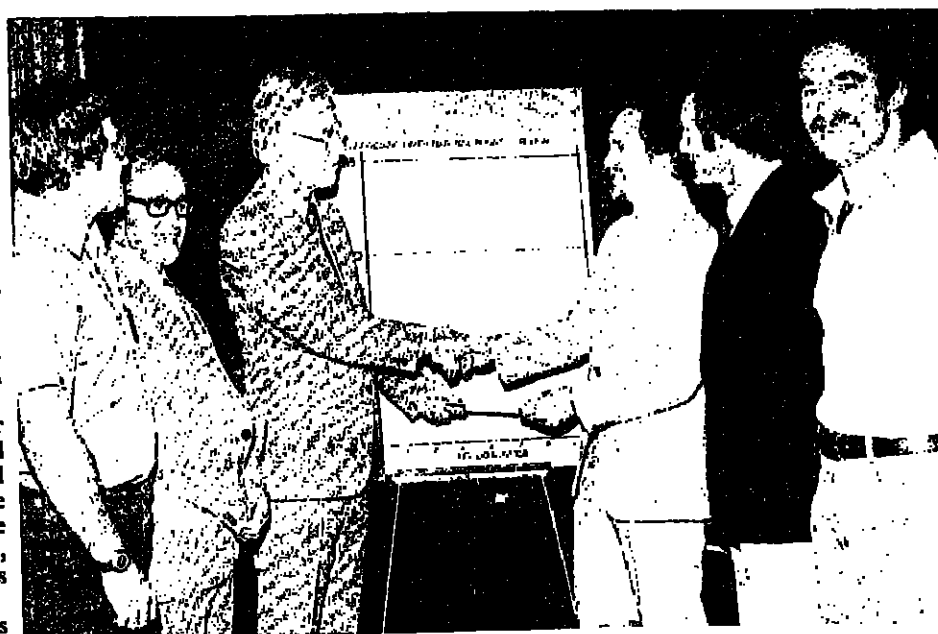
was one of trying to make the least loss.

Game commentator Bruce Judge, managing director of H W Smith Ltd, said after the game that it appeared some teams had found themselves in a "classical Mosiel situation".

He suggested that future versions of the game should make allowances for a team to make a takeover bid for one of its competitors under circumstances such as those which faced the teams in the national final.

ICL managing director Tony Neville complimented the teams on reaching the final and on the fine, competitive spirit they displayed during the decision-making of the final, before presenting the cheques to the team chairmen.

The profits for the teams after Period 3, Period 6, and after the final decision give some idea of the closeness of the competition.



ICL managing director Tony Neville (third from left) handing the cheque to the chairman of the winning team, Paul Weatherburn (third from right). Looking on is game commentator Bruce Judge, managing director of H W Smith & Co (second from right). Other members of the team were John Freese (left), Ron Anderson (second from left) and Jim Kidd (right).

LIFE LINE!

You've probably never thought of telephone cable as a life line. But cable is the vital link between you and emergency services such as, Police, Fire and Ambulance. Cable carries the bad news - and the good news. Cable plays an important part too in our Radio and Television services, in manufacturing

and the distribution of goods. Without Cable our life style would be drastically changed.

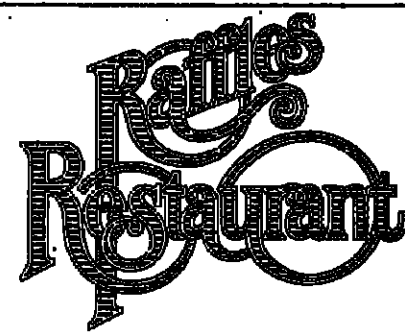
It's reassuring to know that Austral Standard Cables is on the job: producing millions of kilometres of totally reliable Telephone Cable and Wire each year. We need every centimetre of it!

Austral Standard
Cables Pty. Ltd



P.O. Box 16-062,
Hornby, Christchurch.
Telephone 497-109

"For better lines of communication"



LUNCHES: TUES. TO FRI. 12-2.30pm
DINNER: TUES. TO SUN. 6-11pm
LICENSED: TO 1am
BOOKINGS: ESSENTIAL
OUTDOOR DINING IN OUR BEAUTIFUL GARDEN

ALL CREDIT CARDS ACCEPTED

13 St Marys Road, St Marys Bay,
Auckland. Telephone: 766-112

ADE ANDERSON DIGITAL ELECTRONICS

FASTEST DELIVERY

THE COMPUTER EQUIPMENT SPECIALISTS

Auckland 693-532 Wellington 693-098 Christchurch 43-001

SAVE 30%

SUBSCRIBE TO NATIONAL BUSINESS REVIEW NOW.

When you subscribe to *National Business Review* you keep tabs - 48 weeks a year - on New Zealand politics, business, the money market, overseas trade, unions, transport and a score of other fields. The award-winning team of *NBR* journalists and correspondents - with their probing investigative features and first-with-the-news enterprise - have made *National Business Review* the liveliest, most-talked-about and most authoritative business, economic and political publication in New Zealand. News-stand price for *National Business Review* (\$38.40) and companion publication *NBR Outlook* (the twice-yearly special devoted to detailed analysis of important national issues) is \$43.40. Subscribe now for just \$30.00 - and save 30 per cent.

National Business Review / *NBR Outlook* cover price \$43.40 subscription price \$30.00.

To take advantage of the *NBR* subscription offer, simply fill in the Fourth Estate Subscription Service coupon elsewhere in this issue.

TAXATION CONSULTANT CHARTERED ACCOUNTANCY

A substantial firm of Chartered Accountants wish to engage a specialist Taxation Consultant for their Wellington Office.

Applicants should be able to demonstrate extensive knowledge and experience of Legislation and Practice and of tax planning concepts. A Legal as well as an Accounting qualification would be an advantage.

It is envisaged that, depending upon personal qualities and performance, a partnership opportunity would be available after an appropriate period.

Apply in strict confidence to:-

Mr J.M. Pope,
Castle Pope & Partners,
Barristers & Solicitors,
P.O. Box 1433,
WELLINGTON

Now's the time to make a very significant New Year's resolution.

"I'm going to save two hours every working day in 1981"

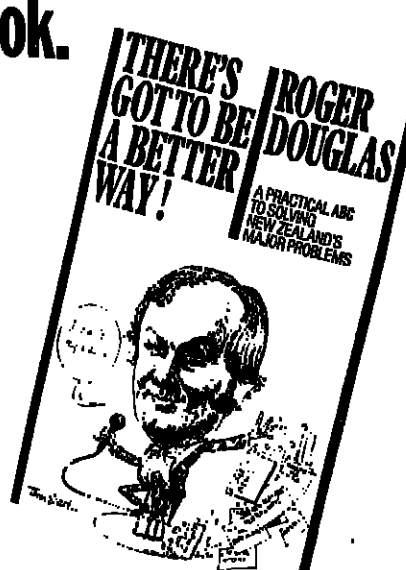
It's not wishful thinking if you attend a Mackenzie Time Management Seminar, February 1981 in Auckland and Wellington. Full details from P.O. Box 10230, Wellington.

Twinlock

We make your office work better

SUSPENSION FILING, ACCOUNTING & ANALYSIS, RING BINDERS, SASCO CHARTING, VISIBLE RECORDS, COMPUTER STORAGE, BUSINESS PRESENTATION AIDS, FLEETWING MEMO SETS.

Enquire now at your local stationer or Twinlock New Zealand Limited. Auckland: P.O. Box 1082. Tel: 775-184. Wellington: P.O. Box 38-482 Petone. Tel: 662-540. Christchurch: P.O. Box 1969. Tel: 799-953.



Roger Douglas, unrepentant after the release of his own alternative budget earlier this year, has written a provocative and lively book that offers down-to-earth, non-doctrinaire solutions to some of our most intransigent problems. Douglas, who is concerned that the politicians are fiddling while New Zealand slides towards economic and social disaster, provides short-snap and highly readable answers to problem areas ranging from airport spending to union attitudes... from the balance of payments to tourism... from employment to minority groups.

There's Got To Be A Better Way... at good bookshops now... or simply fill in the Fourth Estate Subscription Service coupon elsewhere in this issue.

There's Got To Be A Better Way... a little book that will launch a great debate about New Zealand's future.

They say Muscovy Duck is poultry pickings
when served without Benmorven Riesling.



Benmorven Riesling. The wine that appreciates good food.

MONTANA